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INCOME AND FEES

of Accountants in Public Practice

A 1985 SURVEY REPORT

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1010 North Fairfax Street
Alexandria, Virginia 22314
(703) 549-6400

Highlights . . .

from the
1985 INCOME AND FEES
of Accountants in Public Practice
by the National Society of Public Accountants

- Average 1984 gross income of public accounting firms was $124,697; the average 1984 net income was $50,152, or 40.2% of gross income.
- 72.1% of all public accounting firms had a higher gross income in 1984 than in 1983; 69.6% expect a higher gross income in 1985 than in 1984.
- The average firm earns 39.6% of its gross income from tax services, 37.7% from write-up work, 13.9% from accounting work, 4.2% from management advisory services, 3.3% from auditing, and 1.7% from other services.
- 51.3% of the respondents use a fixed fee when billing their accounts; 44.6% use an hourly fee.
- Tax services are still the primary source of income (44%); write-up work is second at 41%.
- 70% of the federal tax returns completed by the respondents were Form 1040 itemized; 18% were Form 1040 not itemized; 8% were Form 1120 corporation; and 4% were Form 1065 partnership.
- The minimum fee for a Form 1040 itemized was $61, with the average fee received $109. The minimum fee for Form 1040 not itemized was $30, with the average fee received $39. The minimum fee for Form 1120 corporation was $212, with the average fee received $340. The minimum fee for Form 1065 partnership was $143, with the average fee received $205.
- The average hourly fee for write-up work is $35, for accounting work $44, and for management advisory services $46. If a single hourly fee was charged for any or all of these services, it averaged $43.

Highlights (cont.) . . .

- For those respondents charging a fixed monthly fee, that fee averaged $120 for tax services, $147 for write-up work, and $180 for accounting work. When a single fixed fee for all services was charged, it averaged $157.
- 71.3% of the respondents use a computer. Of those, 78.3% use it for tax return preparation; 87.9% use it for write-up work; 90.3% use it for general ledger work; 66.3% use it for payroll; 40.5% use it for word processing; 38.1% use it for depreciation; 31.9% use it for accounts receivable; 22.3% use it for client billing; and 17.3% use it for accounts payable.
- 39.3% of those using a computer for tax services own their own computer. 55.4% use a service bureau without input equipment on their premises. For non-tax services, 81.3% own their own computer and 9.6% use a service bureau without input equipment on their premises.
- The average billing rate per hour for secretarial, stenographic, or clerical staff is $18; for junior accountants, $26; for semi-senior accountants, $34; for senior accountants, $43; and for principals, partners or associates, $51.
- 50.8% of public accounting firms rent office space; 25.8% own their own building; and 21.2% have an office in the home. The average rent paid per month for those renting is $597.
- The most popular method of promoting the practice is client referrals—74.9% of all respondents use this method. The second most popular is the telephone yellow pages with 44.3% having a listing.
- 10.3% of the respondents are under 40 years of age, and 56.8% are between 40-60 years of age.
- 67.5% of the respondents have at least four years of college education. 45.8% are either certified, licensed or registered; 57.4% are enrolled agents; 38.3% are accredited in accountancy, taxation or both.

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Foreword

This is the sixth nationwide all-member Income and Fees Survey undertaken by the National Society of Public Accountants. The program has evolved into a periodic analysis of trends in the economic aspects of a public accounting practice.

The response in 1984 by NSPA members to the survey questionnaire was even greater than in prior years and clearly indicates not only a spirit of professional cooperation, but also a practical need for the type of data available in this survey report. These survey statistics about the economics of the public accounting profession are primarily intended for the internal use of practitioner firms and the profession generally.

We wish to acknowledge with appreciation the outstanding services rendered by Robert G. Shields, President of RGS Enterprises, Inc. of Arnold, Maryland, who served in a professional consulting capacity in the development of the questionnaire, and who provided the computer processing and presentation of the data. We also thank Terry A. Nagi of Washington, D.C. who prepared the text analysis and report.

And finally, deep thanks must also be extended to the National Society's members who cooperated so splendidly in this significant survey project. Their prompt and enthusiastic response during a busy tax season was an indispensable contribution.

Stanley H. Stearman
Executive Vice President
National Society of Public Accountants

Alexandria, Virginia
July, 1985

Introduction and Survey Characteristics

This is the sixth Income and Fees Survey of the membership of the National Society of Public Accountants. The objective is to provide the accounting profession with the best information possible on income, fees and practice characteristics of accountants in public practice in the United States. All information is based on actual 1984 data. Previous surveys were completed in 1969, 1972, 1975, 1978, and 1981, and offer a substantial amount of comparative information about trends during the last 16 years.

Approximately 17,000 survey questionnaires were mailed to NSPA members. More than 3,800 members responded, providing an excellent return that statistically represents the incomes, fees and practices of public accountants in the United States.

The current survey actually reports the responses of 3,063 respondents who are full-time practitioners. Full-time practitioners are defined as those persons who derive 50% or more of their income from public practice. Information about "part-time" practices—where less than 50% of total income is from public practice—is available from the NSPA office.

A copy of the survey questionnaire is included on page 45 of this report.

The data in all of the tables for this report are for the firm. A sole practitioner is considered a "firm." When a member was not the principal of the firm, he was requested not to return the questionnaire; thus, generally only one questionnaire was completed per firm, usually by the principal partner.

Information from each question on the survey is reported for all returns and in most cases by each of eight sub-categories. Thus the analysis not only provides the national average, but information for each question by geographic region, population size, metropolitan area of location, type of firm, size of firm, gross income, primary source of income and number of years in practice. Most of the totals for the eight sub-categories add to the total number of responses to that question. Some questions allowed for mutually inclusive answers, *i.e.*, use of computer by application (Table 8).

A map is provided to show how the U.S. is divided into the seven survey regions. Respondents were grouped into a region by zip code. All respondents were requested to report the population size of the city in which their practice is located. In addition, respondents were grouped into metropolitan areas as defined by zip code.

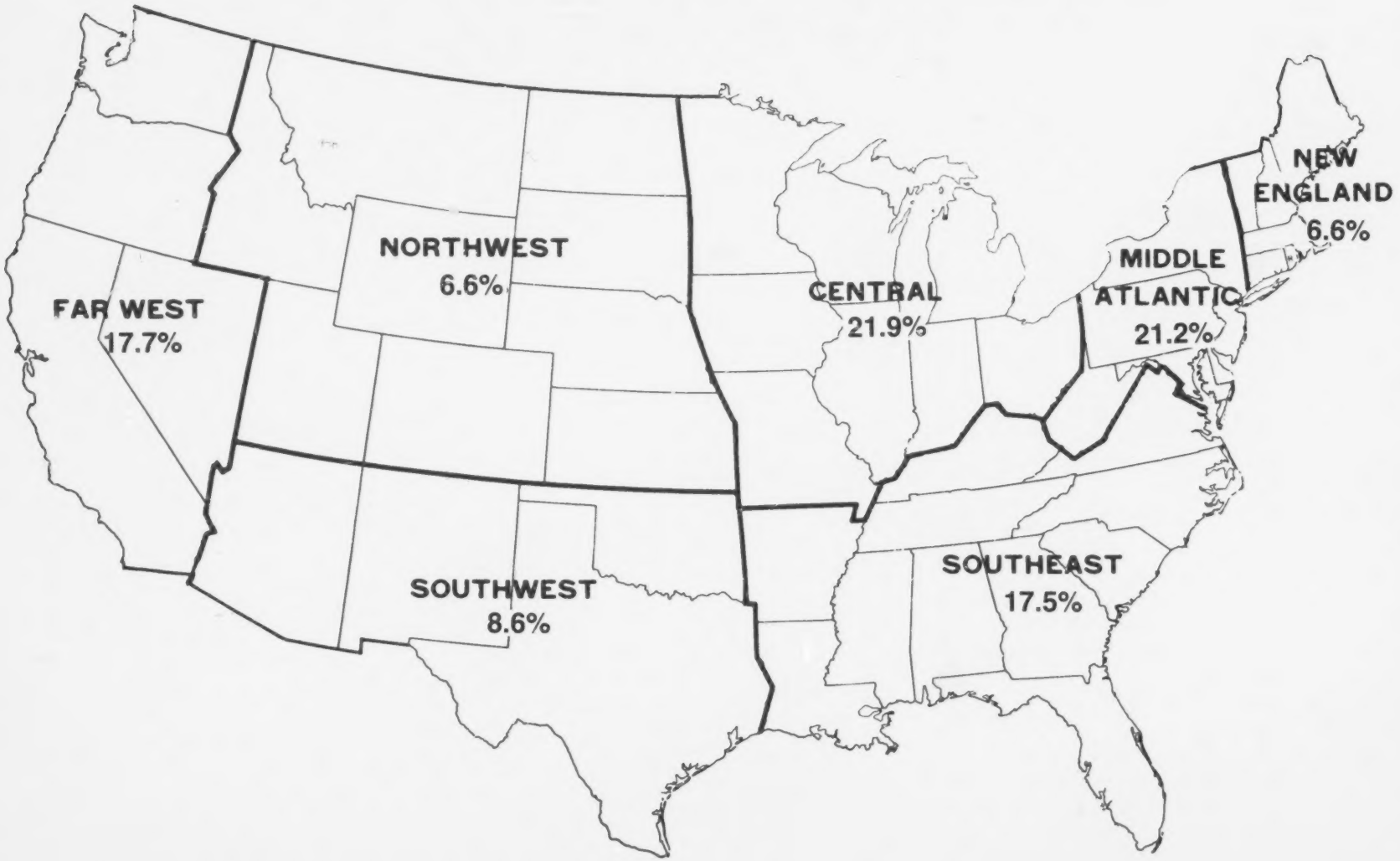
The type of firm indicates the organization of the firm: sole proprietorship, partnership or professional corporation. The size of firm excludes the principals and includes only full-time employees. The number of part-time employees varies too widely to report.

Gross income is based on a 1984 calendar year. Primary source of income is based on whichever type of service yields 50% or more of the firm's gross income. Number of years in practice is based on a direct response to that question.

It is important to note that in many cases, average dollar amounts are given. The average is simply the addition of all responses to that question divided by the number of responses.

Throughout the survey, tables have been included for easy reading. The narrative for each table does not report all statistics, but highlights key statistics only. It is recommended that each table be reviewed closely by the reader and comparisons made to his or her own personal and practice characteristics.

DISTRIBUTION OF RETURNS BY GEOGRAPHICAL REGION



CHAPTER I

Gross and Net Income

(See Table on pages 5 and 6)

Respondents were asked to report their GROSS income for their firm for the calendar year 1984. They also were asked to indicate if 1984 GROSS income was higher/lower/about the same as their 1983 GROSS income and whether they expect their 1985 GROSS income to be higher/lower/about the same as their 1984 GROSS income. Finally, they were asked to indicate the net income for their firm for the calendar year 1984 (net income before taxes and any drawings and/or salaries for principals, *i.e.*, proprietor or partners). The ratio of net income to gross income was calculated from these two figures and is indicated in the % column.

For the 3,063 respondents to this set of questions, the average 1984 gross income was $124,697. Seventy-two percent of the respondents said their 1984 gross was higher than 1983, while 20.1% said it remained the same, and approximately 6.5% said their 1984 gross was lower than their 1983 gross. For 1985, 69.6% of the respondents expect their 1985 gross to be higher than their 1984 gross, 24.1% expect it to remain the same and 5.9% expect a lower gross in 1985 compared to 1984.

The 1984 average gross income was highest in the Central region of the United States, $140,034; and lowest in the Southeast, $105,930. The second highest average 1984 gross income was observed in the Mid-Atlantic states, $127,840. The second lowest average gross income for 1984 occurred in three areas—the Northeast at $111,114, the Southwest at $113,340, and New England at $115,398. Finally, in the Far West, the average 1984 gross income was $134,723.

Most geographic regions of the country experienced higher gross income in 1984 than 1983, consistent with the national average. Only the Northwest and Southwest regions were slightly below the average. Looking towards 1985 compared to 1984, again most regions cluster around the national average, except for the Central and Northwest regions where their estimate of future growth is slightly below the national average.

As one might expect, the larger the city, the higher the 1984 gross income. Respondents in cities with a population under 25,000 achieved a 1984 average gross income of $105,971; whereas their counterparts in cities of a million population or more achieved an average 1984 gross income of $151,919. There were no radical deviations by city size when examining 1984 gross compared to 1983 gross, or 1985 estimated gross compared to 1984 actual.

Where one practices has a significant effect on gross income. This is well illustrated in examining the tables sub-categorized by metropolitan area. A practice in Phoenix on the average produced $159,167 average gross income in 1984 versus a practice in Philadelphia where the 1984 average gross income was $77,228. Cities significantly higher than the national average of $124,697 were, in order: 1) Phoenix, 2) Washington, D.C., 3) Chicago, 4) Detroit, 5) Cleveland, 6) San Francisco and 7) New York City. Cities below the national average for 1984 gross income, ranked in order from lowest to highest, were: 1) Philadelphia, 2) Seattle, 3) Denver, 4) Los Angeles, 5) Atlanta, 6) Dallas/Fort Worth, 7) Miami and 8) Minneapolis/St. Paul.

Comparing 1984 gross income to 1983 gross, clearly the highest growth rate is in Phoenix, with a much lower growth rate in Cleveland and San Francisco. For 1985 compared to 1984, the Phoenix practices continue to show a higher growth rate than the national average, along with their Atlanta counterparts; while lower growth rates are reflected in Los Angeles and San Francisco.

The 1984 average net income for all respondents was $50,152; or 40.2% of gross.

By geographic region it varied from a high of $58,002 (45.4% of gross) in Mid-Atlantic states, to a low of $42,808 (40.4% of gross) in the Southeast.

Net income, like gross income, tends to be larger in larger cities. For cities under 25,000 in population, the 1984 average net income was $42,360. For cities with one million population or more, the 1984 net income was $63,035.

The 1984 average net income also varied by metropolitan area served. Those areas with greater-

than-average gross income had above-average net income. The highest average net income for 1984 was achieved in Washington, DC at $72,449. The lowest average 1984 net income was in Seattle at $33,382. It also is interesting to note that higher-than-national average net income was achieved in Philadelphia (51.2% of gross), Minneapolis/St. Paul (49.4%) and New York City (48.8%). Lower-than-national average net income was reported in Detroit (36.4% of gross) and Denver (37.8% of gross).

The highest average 1984 gross income was achieved by partnerships with more than two partners—an average of $369,476. Their net income amounted to 42.2% of gross income, or $155,847. Sole proprietorships with no employees had an average 1984 gross income of $47,271; while a sole proprietorship with employees had a gross income of $112,229. Partnerships with only two partners had an average 1984 gross income of $194,540; while professional corporations were at $190,695. It is important to note, though, that sole proprietorships with no employees had the highest net income (59.1% of gross), while professional corporations had the lowest (35.1% of gross).

Looking at the responses from another viewpoint—the size of firm (excluding principals)—a firm with one full-time employee on the average earned $78,445 gross income in 1984; with two full-time employees, $120,994; with three full-time employees, $164,778; and four or more full-time employees, $327,610. But the more employees, the lower the ratio of net income to gross income.

For those firms whose primary source of income was tax services, the average 1984 gross income was $106,014 from which a net income was achieved of $43,430 (41% of gross income). For those firms whose primary source of income was accounting and write-up work, the 1984 average gross income was $132,554, net income was $52,439 (39.6%). The highest gross and net incomes were reported by those practices whose primary sources of income were auditing, management advisory services, etc., rather than tax services, accounting and write-up.

Finally, as might be expected, the longer one is in practice, the higher gross and net income are likely to be. Those in practice one to four years had a gross income of $69,464 and a net income of $31,973 (46% of gross). Those in practice five to nine years had a gross income in 1984 of $105,691 and a net income of $42,667 (40.4%). Those in practice 15 to 44 years all were above the national gross and net income average for 1984. It is only after 44 years in practice that the average *gross* income declines significantly (to $84,853), but the *net* income remains quite high—in fact, above national average—at $58,088 or 68.5% of gross income.

In summary, the average 1984 gross and net incomes for respondents were $124,697 and $50,152, respectively. Nearly ¾ of the respondents had higher grosses in 1984 than 1983; seven out of 10 expect higher grosses in 1985 compared to 1984.

The variations in income by geographic regions are not as severe as by metropolitan area served. Practices in larger cities are more likely to have higher gross and net incomes. Partnerships have a higher average gross than sole proprietors. The higher the number of employees, the lower the ratio of net to gross. Practices less than 10 years old generally earn less gross and net income than do their counterparts who have been in practice 10 to 44 years. After 44 years, gross income declines, but not the net income.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 1

AVERAGE GROSS AND NET INCOME FOR 1984 WITH COMPARISONS
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	I					II				III			
	RESPONSES		AVERAGE 1984 INCOME			1984 GROSS VS 1983 GROSS				1985 ESTIMATED VS 1984			
	#	%	GROSS	NET	%	HIGHER	LOWER	SAME	N/R	HIGHER	LOWER	SAME	N/R
ALL RESPONDENTS	3063	100.0	$124,697	$ 50,152	40.2	72.1	6.5	20.1	1.3	69.6	5.9	24.1	.4
GEOGRAPHIC REGION													
NEW ENGLAND	201	6.6	115,398	47,164	40.9	73.1	6.0	20.9		70.1	3.5	26.4	
MIDDLE ATLANTIC	648	21.2	127,840	58,002	45.4	74.1	6.5	17.7	1.7	71.5	6.0	22.2	.3
SOUTHEAST	535	17.5	105,930	42,808	40.4	73.5	6.0	20.0	.6	72.1	4.5	22.8	.6
CENTRAL	671	21.9	140,034	52,478	37.5	71.2	6.4	21.0	1.3	65.6	8.2	25.8	.4
NORTHWEST	202	6.6	111,114	43,119	38.8	67.8	9.9	20.3	2.0	65.3	6.9	27.2	.5
SOUTHWEST	262	8.6	113,340	43,101	38.0	67.6	8.0	22.1	2.3	74.4	5.0	19.8	.8
FARWEST	541	17.7	134,723	52,260	38.8	72.5	5.5	20.5	1.5	68.9	5.2	25.5	.4
POPULATION SIZE													
UNDER 25,000	806	26.3	105,971	42,360	40.0	73.0	6.8	19.5	.7	67.0	5.6	26.9	.5
25,000 TO 49,999	458	15.0	115,524	46,092	39.9	73.4	7.9	17.5	1.3	68.1	7.2	24.5	.2
50,000 TO 99,999	480	15.7	121,719	50,443	41.4	72.5	5.2	20.8	1.5	73.5	3.8	22.5	.2
100,000 TO 499,999	597	19.5	135,867	53,932	39.7	72.0	6.4	19.9	1.7	69.5	6.7	23.3	.5
500,000 TO 999,999	279	9.1	131,120	50,072	38.2	67.4	7.9	22.9	1.8	73.5	6.5	19.7	.4
1,000,000 OR MORE	439	14.3	151,919	63,035	41.5	71.8	5.2	21.4	1.6	69.0	5.9	24.4	.7
METROPOLITAN AREA													
ATLANTA	17	.6	103,824	46,765	45.0	70.6	5.9	23.5		82.4	5.9	11.8	
CHICAGO	98	3.2	157,474	60,383	38.3	70.4	6.1	22.4	1.0	69.4	6.1	24.5	
CLEVELAND	39	1.3	145,449	60,833	41.8	53.8	10.3	33.3	2.6	59.0	10.3	28.2	2.6
DALLAS - FORT WORTH	39	1.3	108,205	45,705	42.2	69.2	2.6	20.5	7.7	76.9	5.1	17.9	
DENVER	15	.5	98,667	37,333	37.8	80.0		20.0		60.0	6.7	33.3	
DETROIT	64	2.1	149,688	54,453	36.4	71.9	4.7	18.8	4.7	73.4	1.6	25.0	
LOS ANGELES	25	.8	102,800	47,600	46.3	68.0	8.0	20.0	4.0	56.0	12.0	32.0	
MIAMI	6	.2	113,750	52,083	45.8	83.3		16.7		66.7		33.3	
MINNEAPOLIS-ST PAUL	25	.8	114,500	56,600	49.4	76.0	4.0	16.0	4.0	68.0	12.0	20.0	
NEW YORK CITY	176	5.7	133,821	65,327	48.8	77.8	5.1	15.3	1.7	67.6	6.3	25.6	.6
PHILADELPHIA	46	1.5	77,228	39,511	51.2	63.0	13.0	21.7	2.2	69.6	10.9	19.6	
PHOENIX	6	.2	159,167	65,417	41.1	100.0				83.3		16.7	
SAN FRANCISCO	23	.8	139,348	60,761	43.6	56.5	4.3	39.1		56.5	8.7	34.8	
SEATTLE	17	.6	86,324	33,382	38.7	82.4	5.9	11.8		70.6	5.9	23.5	
WASHINGTON, D.C.	49	1.6	158,520	72,449	45.7	69.4	10.2	16.3	4.1	67.3	8.2	24.5	

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 1

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BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES		I AVERAGE 1984 INCOME			II 1984 GROSS VS 1983 GROSS				III 1985 ESTIMATED VS 1984			
	#	%	GROSS	NET	%	HIGHER	LOWER	SAME	N/R	HIGHER	LOWER	SAME	N/R
ALL RESPONDENTS	3063	100.0	$124,697	$ 50,152	40.2	72.1	6.5	20.1	1.3	69.6	5.9	24.1	.4
TYPE FIRM													
PROPRIETOR NO EMPS.	807	26.3	47,271	27,921	59.1	67.4	8.3	22.3	2.0	66.4	7.7	25.5	.4
PROPRIETOR WITH EMPS.	1244	40.6	112,229	43,901	39.1	72.4	5.5	20.8	1.3	67.0	6.1	26.4	.6
TWO PARTNERS	223	7.3	194,540	82,534	42.4	79.4	4.5	15.7	.4	77.6	4.0	17.9	.4
OVER TWO PARTNERS	62	2.0	369,476	155,847	42.2	80.6	9.7	9.7		75.8	3.2	21.0	
PROFESSIONAL CORP.	719	23.5	190,695	66,892	35.1	73.9	6.7	18.4	1.1	74.7	4.3	20.7	.3
SIZE OF FIRM EXCLUDING PRINCIPALS													
ONE FULL-TIME EMP.	804	26.2	78,445	38,159	48.6	70.5	6.5	21.5	1.5	66.5	5.6	27.5	.4
TWO FULL-TIME EMPS.	533	17.4	120,994	49,995	41.3	72.2	7.1	19.3	1.3	71.1	6.0	22.3	.6
THREE FULL-TIME EMPS.	281	9.2	164,778	61,281	37.2	78.3	3.9	17.1	.7	71.5	6.4	21.7	.4
FOUR OR MORE FULL-TIME	476	15.5	327,610	104,821	32.0	79.4	4.6	15.8	.2	76.7	3.8	19.5	
GROSS INCOME													
UNDER $20,000	171	5.6	15,000	11,038	73.6	58.5	11.7	21.1	8.8	71.3	7.6	19.9	1.2
$20,000 TO 29,999	210	6.9	25,000	15,214	60.9	61.9	12.4	23.8	1.9	71.4	3.3	24.8	.5
$30,000 TO 39,999	241	7.9	35,000	20,135	57.5	66.0	6.6	26.6	.8	65.1	7.1	27.8	
$40,000 TO 49,999	266	8.7	45,000	25,987	57.7	68.0	6.0	23.7	2.3	69.5	6.8	23.3	.4
$50,000 TO 59,999	258	8.4	55,000	30,281	55.1	70.5	7.0	21.7	.8	67.4	6.2	26.4	
$60,000 TO 74,999	325	10.6	67,500	33,262	49.3	73.8	3.7	22.2	.3	67.4	6.2	25.8	.6
$75,000 TO 99,999	456	14.9	87,500	42,867	49.0	73.0	7.2	19.1	.7	69.5	6.1	23.5	.9
$100,000 TO 199,999	723	23.6	149,793	60,567	40.4	75.9	5.0	18.3	.8	69.3	4.3	26.0	.4
$200,000 OR 499,999	342	11.2	350,000	114,086	32.6	81.6	4.7	13.2	.6	74.6	7.0	18.4	
$500,000 OR MORE	71	2.3	700,000	222,394	31.8	76.1	9.9	14.1		73.2	8.5	18.3	
PRIMARY SOURCE OF INCOME													
TAX SERVICES	1011	33.0	106,014	43,430	41.0	75.4	5.3	18.2	1.1	72.5	4.3	22.7	.6
ACCOUNTING & WRITE-UP	1749	57.1	132,554	52,439	39.6	71.6	6.7	20.4	1.3	68.6	6.6	24.5	.3
OTHER (INCL. AUDITING)	120	3.9	187,771	78,813	42.0	62.5	10.0	25.8	1.7	63.3	9.2	27.5	
YEARS IN PRACTICE													
1 TO 4 YEARS	280	9.1	69,464	31,973	46.0	79.3	2.9	11.8	6.1	88.9	1.4	8.9	.7
5 TO 9 YEARS	510	16.7	105,691	42,667	40.4	80.6	6.3	12.7	.4	80.4	2.0	17.3	.4
10 TO 14 YEARS	492	16.1	130,915	49,411	37.7	76.6	4.3	18.5	.6	75.2	4.9	19.7	.2
15 TO 19 YEARS	342	11.2	148,911	57,208	38.4	68.4	7.3	23.1	1.2	70.2	5.8	23.7	.3
20 TO 24 YEARS	323	10.5	139,497	54,234	38.9	73.1	7.7	18.9	.3	66.9	8.4	24.5	.3
25 TO 29 YEARS	253	8.3	146,907	58,824	40.0	64.8	8.3	26.1	.8	60.9	9.5	29.2	.4
30 TO 44 YEARS	429	14.0	140,431	59,744	42.5	61.5	9.8	28.0	.7	48.7	11.0	39.9	.5
OVER 44 YEARS	17	.6	84,853	58,088	68.5	58.8	5.9	35.3		29.4	5.9	64.7	

CHAPTER II

Income by Type of Service and Fees Charged

(See Table on pages 9 and 10)

The respondents were asked to provide information on the percentage of their annual gross income in 1984 that was derived from a) tax services (including preparation of returns, tax planning, estate planning, consulting, IRS representation); b) write-up work (the accountant provides a bookkeeping service, *i.e.*, journals, ledgers, payrolls, etc., and preparation of periodic financial statements for clients); c) accounting work (for those clients having a bookkeeper on the premises and the accountant begins his service by working from a pre-adjusted trial balance; includes compilation and review reports); d) auditing (those clients whose accounting records are inspected and which include analyses, tests, reports, confirmations, proofs, opinions, or disclaimers); e) management advisory services (advising on business matters that are not included in above services, *i.e.*, personnel, systems, computerization, equipment acquisition, pension plans, personal financial planning, etc.); and f) other.

In 1984, 39.6% of income was generated by tax services, while 37.7% was generated by write-up work, 13.9% from accounting work, 3.3% from auditing, 4.2% from management advisory services, and 1.7% from other. Comparing these numbers with 1981 data, tax services continue to increase in importance (1981—37%; 1984—39.6%); write-up work declined (1981—42%; 1984—37.7%); accounting work has not changed significantly from 1981 (1981—14%, 1984—13.9%); auditing remains the same (1981—3%, 1984—3.3%); management advisory services increased from 3% in 1981 to 4.2% in 1984.

The Far West and Southwest appear to generate higher-than-average income from tax services (Far West 45.7% of gross; Southwest 43.2%). In write-up work, the New England area is significantly lower than the national average, with 29.9% of gross income versus the national average of 37.7%. In accounting work, there is significant variation in the geographic regions from a high of 18.7% of gross income in New England to a low of 10.3% in the Southwest. The same pattern holds true for auditing as a percentage of gross income: New England is more than twice as high as the national average; the Southwest is less than half the national average.

Practices serving small towns (under 25,000 in population) have the highest percentage of income from tax services, 46%; the lowest amount from write-up work, 33.1%; and among the lowest in accounting work, 12.4%. Examining the data from respondents and their metropolitan area of location, Phoenix practices have tax services as the highest percentage of gross income (57.8%), followed by Seattle at 52.4% and Los Angeles at 47.1%. On the low side for tax services as a percent of gross income are Detroit at 29.7%, Miami at 30.8%, New York City at 31.9% and Cleveland at 32.1%.

There appears to be little significant difference in which service provides the majority of income by the type of firm, that is, whether it is a proprietorship, a partnership or professional corporation. The only significant difference is for partnerships with more than two partners where 18.3% of gross income is from accounting services (versus the national average of 13.9%), and 11.3% is from auditing (versus the national average of 3.3%).

The number of full-time employees has little effect on which of the services provide most of the gross income for the firm, although firms with four or more employees tend to be below the national average for tax services (33.3% versus 39.6%) and slightly above for write-up work, accounting work, auditing and management advisory services.

The larger the practice, the less likely it is to earn its revenue from tax services. Firms under $20,000 in gross revenue generated 53.1% from tax services; whereas firms with $500,000 or more in gross income generated only 28% of their income from tax services.

Number of years in practice apparently has little to do with the source of income. Only those firms whose principals have been in practice more than 44 years show a significant difference from the national average, with a lower proportion of income provided by tax services and write-up work; and a higher percentage than national average provided by accounting work and auditing. Firms in practice less than four years reported the highest percentage of income from management advisory services.

Respondents base their billings on fixed fees, an hourly rate or some other measure. The survey indicates that slightly more than 50% of the respondents bill on a fixed rate (51.3%), while 44.6% bill on an hourly rate. The remaining 3.9% bill on some other qualifier.

Examining earlier data, there is a continuing decline in the percentage of respondents who are billing on a fixed fee basis. In 1972 they were 61%; in 1981, 57%; and now in 1984, 51%. Those billing on an hourly rate have increased from 36% in 1972, to 41% in 1981, and to 45% in 1984.

Geographic variations exist in the basis for billing; 57.3% of Mid-Atlantic respondents bill on a fixed fee, while only 31% of Northwest respondents do the same. In fact, in the Northwest, almost two-thirds bill on an hourly basis.

The larger the city location of the respondents, the more likely the billing will be done on a fixed fee basis. In cities under 25,000 in population, 47.1% of the respondents use fixed fees, while 57.2% of the respondents from cities with one million or more in population use fixed fees.

Billing methods vary widely by metropolitan area of the practice. Among Miami respondents, 73.6% bill on a fixed fee basis, whereas 73.5% of Denver accountants bill on an hourly basis. Other significant deviations from the national averages include: New York City where 69.4% bill on a fixed fee basis; Los Angeles where 64.5% do the same; and Philadelphia where 62.8% bill on a fixed fee basis.

Again, partnerships with more than two employees do not fit the mold set by the national average. In this case only 34% of partnerships with more than two partners bill on a fixed fee basis (versus 51.3% as a national average). Instead, they bill mostly on an hourly basis—61.8%.

Examining the data by size of firm indicates the larger the firm, the less likely it is to bill on a fixed fee basis. Fifty-three percent of respondents with one full-time employee bill on a fixed fee basis, while only 44.3% of practices with four or more full-time employees use fixed fees.

The greater the gross income of the practice, the less likely it is to bill on a fixed fee basis. For practices with under $20,000 in gross income, 54.3% bill on a fixed fee basis. For practices with $500,000 or more in gross income, only 35.1% bill on a fixed fee basis.

Those practices providing mainly tax services use fixed fees in 48.5% of the cases. Those practices doing mainly accounting and write-up work use fixed fees in approximately 54% of the cases. Those involved in auditing and management advisory services use fixed fees in only 39.2% of the cases.

Little significant difference exists in fixed versus hourly billing basis by years in practice except for those in practice over 44 years. They tend to use fixed fees more than hourly billing (62.6% versus 31.3%).

To summarize, tax services are the most important source of gross income for survey respondents. The importance of tax services has been growing constantly since 1972 (28% to 39% in 1984). The next most important source—write-up work—is decreasing in importance (43% in 1972 to 38% in 1984). Fifty-one percent of all respondents use fixed fees as a basis for their billing, while 45% use an hourly rate. Since 1972, fixed fees continue to decline in importance, while hourly rates continue to grow as a billing base.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 2

AVERAGE PERCENT OF 1984 INCOME DERIVED BY TYPE OF SERVICE AND FEES CHARGED
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	I SERVICES (AS % OF INCOME)						II BILLING BASE (AS % OF RESPONDENTS)			
	#	TAX	WRITE-UP ACCTG	AUDIT	MAS	OTHER		#	FIXED	HOURLY	OTHER
ALL RESPONDENTS	3017	39.6	37.7	13.9	3.3	4.2	1.7	3017	51.3	44.6	3.9
GEOGRAPHIC REGION											
NEW ENGLAND	198	38.5	29.9	18.7	6.9	4.2	.7	198	43.9	51.1	4.8
MIDDLE ATLANTIC	636	34.9	36.4	16.7	5.2	4.3	2.2	639	57.3	39.0	3.3
SOUTHEAST	529	40.2	41.6	11.3	2.1	5.0	1.5	527	56.6	39.1	4.4
CENTRAL	659	37.1	39.8	15.1	2.7	4.1	1.6	663	50.8	46.0	3.1
NORTHWEST	200	41.5	37.2	12.0	5.4	3.3	1.6	200	31.0	65.6	3.2
SOUTHWEST	256	43.2	39.8	10.3	1.4	3.3	1.6	255	51.4	42.1	6.4
FARWEST	536	45.7	34.7	12.2	1.7	4.0	2.0	532	49.8	45.9	3.9
POPULATION SIZE											
UNDER 25,000	800	46.0	33.1	12.4	3.6	4.0	1.3	793	47.1	48.3	4.4
25,000 TO 49,999	451	38.2	37.5	15.0	3.9	3.9	1.5	451	49.8	46.4	3.9
50,000 TO 99,999	475	36.9	38.8	15.2	3.2	4.0	1.7	473	52.2	44.4	3.1
100,000 TO 499,999	584	38.2	38.5	14.4	3.1	4.4	1.8	587	53.2	43.2	3.3
500,000 TO 999,999	274	35.7	44.8	12.3	2.7	4.0	2.0	275	51.1	45.1	3.7
1,000,000 OR MORE	429	36.8	39.5	14.4	2.9	4.8	2.4	434	57.2	37.4	5.1
METROPOLITAN AREA											
ATLANTA	17	41.7	43.1	5.1	4.1	6.7	1.4	17	57.3	31.8	10.8
CHICAGO	97	35.6	41.9	12.6	2.3	4.4	2.1	97	57.1	38.8	4.0
CLEVELAND	38	32.1	42.6	17.8	5.0	3.9	.2	38	44.7	51.6	2.7
DALLAS - FORT WORTH	37	41.8	43.9	7.1	.9	3.8	2.2	37	51.7	46.2	2.6
DENVER	15	37.8	31.8	22.9	2.2	4.4	.7	15	21.4	73.5	5.0
DETROIT	63	29.7	45.1	18.0	1.3	3.5	2.1	63	55.9	39.1	4.9
LOS ANGELES	25	47.1	34.8	10.6	2.2	1.6	3.4	25	64.5	31.6	3.8
MIAMI	6	30.8	61.1	12.8	.8	1.8		6	73.6	14.1	12.1
MINNEAPOLIS-ST PAUL	25	36.3	34.7	19.2	1.2	8.4		25	46.4	52.9	.5
NEW YORK CITY	174	31.9	39.1	16.9	5.2	4.1	1.7	173	69.4	25.5	5.0
PHILADELPHIA	44	36.1	39.8	17.4	3.3	3.8	5.0	45	62.8	35.1	1.1
PHOENIX	6	57.8	35.6	5.6		.8		6	46.8	53.1	
SAN FRANCISCO	23	42.9	42.2	10.5	2.9	1.4	1.9	23	44.2	55.1	.4
SEATTLE	17	52.4	20.8	19.2	1.5	4.4	.2	17	33.5	55.2	11.1
WASHINGTON, D.C.	48	41.1	34.8	11.3	3.5	4.7	2.4	48	51.2	46.1	2.6

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 2

AVERAGE PERCENT OF 1984 INCOME DERIVED BY TYPE OF SERVICE AND FEES CHARGED
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	I							II			
	RESPONSES	SERVICES (AS % OF INCOME)						BILLING BASE (AS % OF RESPONDENTS)			
	#	TAX	WRITE-UP	ACCTG	AUDIT	MAS	OTHER	#	FIXED	HOURLY	OTHER
ALL RESPONDENTS	3017	39.6	37.7	13.9	3.3	4.2	1.7	3017	51.3	44.6	3.9
TYPE FIRM											
PROPRIETOR NO EMPS.	790	43.5	34.4	13.6	2.9	3.6	1.5	791	54.3	41.3	4.3
PROPRIETOR WITH EMPS.	1229	39.7	38.7	13.8	3.1	3.7	1.4	1226	51.8	44.2	3.8
TWO PARTNERS	219	35.4	37.7	15.4	4.3	4.4	1.7	218	46.6	49.8	3.0
OVER TWO PARTNERS	60	34.9	30.0	18.3	11.3	3.8	.8	62	34.0	61.8	4.2
PROFESSIONAL CORP.	711	36.7	40.2	13.5	3.0	5.7	2.6	712	50.2	45.7	3.9
SIZE OF FIRM											
EXCLUDING PRINCIPALS											
ONE FULL-TIME EMP.	794	40.8	37.6	13.5	3.0	3.8	1.4	790	52.5	42.8	4.5
TWO FULL-TIME EMPS.	528	38.8	40.3	13.5	2.8	4.5	1.9	529	50.9	45.1	3.6
THREE FULL-TIME EMPS.	279	36.2	39.2	15.2	2.9	3.9	2.3	277	50.9	46.3	2.9
FOUR OR MORE FULL-TIME	470	33.3	39.7	15.2	5.5	5.3	2.3	473	44.3	52.4	3.0
GROSS INCOME											
UNDER $20,000	167	53.1	28.7	10.5	3.1	3.5	.8	165	54.3	37.6	8.0
$20,000 TO 29,999	208	48.0	33.0	13.3	1.1	2.9	1.2	207	55.6	39.7	4.3
$30,000 TO 39,999	234	38.4	39.2	12.6	2.7	4.0	2.0	238	53.9	41.2	4.7
$40,000 TO 49,999	265	41.8	37.3	13.7	4.0	3.5	1.7	263	55.0	41.0	3.8
$50,000 TO 59,999	251	41.3	37.1	13.3	2.7	3.2	1.7	251	55.5	42.0	3.0
$60,000 TO 74,999	320	40.6	36.8	14.6	3.2	4.1	1.6	321	52.9	43.4	3.0
$75,000 TO 99,999	451	37.4	39.0	15.2	2.6	3.9	1.9	446	53.0	42.9	3.8
$100,000 TO 199,999	711	38.0	39.7	14.0	3.0	4.6	1.5	715	49.1	46.8	4.1
$200,000 OR 499,999	340	33.3	41.1	14.3	4.6	4.6	1.9	341	43.7	52.5	3.2
$500,000 OR MORE	70	28.0	30.0	15.8	13.2	11.6	5.9	70	35.1	63.2	1.2
PRIMARY SOURCE OF INCOME											
TAX SERVICES	1011	68.5	18.0	7.4	1.9	3.2	1.1	994	48.5	45.5	5.8
ACCOUNTING & WRITE-UP	1749	24.2	51.6	17.7	2.3	3.3	1.1	1741	53.9	43.2	2.7
OTHER (INCL. AUDITING)	120	16.9	11.8	9.9	29.0	22.5	15.9	116	39.2	54.9	5.8
YEARS IN PRACTICE											
1 TO 4 YEARS	279	37.4	39.3	12.7	2.7	5.2	1.9	279	50.2	44.6	4.8
5 TO 9 YEARS	502	41.6	38.3	11.8	2.1	4.7	2.2	504	50.8	45.1	3.8
10 TO 14 YEARS	486	40.8	39.1	12.7	2.4	4.0	1.9	488	49.2	46.8	4.1
15 TO 19 YEARS	339	37.8	38.4	13.7	4.0	4.4	1.5	337	49.6	47.0	2.9
20 TO 24 YEARS	316	40.8	39.3	13.5	3.0	2.9	1.6	317	51.0	43.2	5.6
25 TO 29 YEARS	250	40.6	35.0	15.1	3.7	3.3	1.4	251	51.2	45.2	3.8
30 TO 44 YEARS	420	38.1	33.9	17.1	5.7	3.5	1.7	421	53.5	43.5	2.9
OVER 44 YEARS	17	34.6	28.2	25.2	7.4	3.5	1.0	16	62.6	31.3	5.9

CHAPTER III

Primary Source of Income

(See Table on pages 12 and 13)

Respondents indicated their primary source of income—either from tax services, write-up work, accounting work, auditing, management advisory services or other.

Forty-four percent of the respondents received their primary gross income from tax services; 41% have write-up work as their primary source of income. This amounts to 85% of all respondents. Nine percent reported accounting work as the primary source of income, 1% auditing, 1% management advisory services, 1% other and 1% did not respond. The remaining 2% disappear because of "rounding" calculations.

Far West practices perform more tax services and less write-up work than the national average. Central region practices perform significantly less tax services and more write-up work than the national average. New England practices perform less write-up work but more accounting work than the national average.

The larger the city, the less tax services and the more write-up work. Fifty-five percent of practices in populations of 25,000 or less have tax services as their primary source of income, with write-up work being 33%. Practices in cities of one million population or more have tax services as their primary source of income (36%), with write-up work being 45%.

Primary source of income by metropolitan area varies widely. Respondents in Phoenix indicated their primary source of income is tax services (83%), as compared to their Miami counterparts (16%). But Miami practices have as a primary source of income write-up work (83%), compared to Phoenix respondents at 16%.

Sole proprietors with no employees reported that tax services are their primary source of income (50%), with write-up work second (34%). Sole proprietors with employees and partnerships with two partners follow the national average. Partnerships with more than two partners report tax services as their primary source of income (46%), with write-up work being second (32%). Finally, professional corporations say that write-up work is their primary source of income (45%), with tax services being second (38%).

The larger the firm, the more likely write-up work will be the primary source of income, with tax services being the least likely. A firm with one full-time employee (other than principals) reports its primary source of income is from tax services in 44% of the cases, while a firm with four or more full-time employees (excluding principals) says that tax services are the primary source of income in 36% of the cases.

The larger the gross income of the firm, the less likely tax services will be the primary source of income. For practices with under $20,000 gross income, tax services are the primary source of income in 63% of the cases, while write-up work is the primary source in 25% of the cases. This compares with practices whose gross income exceeds $500,000 where tax services and write-up work share equally the primary source of income (32% each).

For firms with gross incomes of more than $500,000, auditing and management advisory services (12% and 5%, respectively) provide a larger source of income than for firms under $500,000.

Little variation from the national average is revealed in primary source of income when examining the number of years the firm has been in practice. It is only in those firms with more than 44 years of practice where tax services become less important and accounting work becomes more important as a primary source of income.

In summary, no comparisons can be made with previous data as this question was not asked in previous surveys. The survey does indicate that tax services are the primary source of income for most respondents, although not by much. Only slightly less in percentage, but almost equal in importance, is write-up work as the primary source of income. Forty-four percent of the respondents report tax services as their primary source of income, while 41% show write-up work.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 3

AVERAGE PERCENT GROSS INCOME FROM PRIMARY SOURCE OF INCOME
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	PRIMARY SOURCE OF INCOME (AS % OF RESPONDENTS)						
	#	TAX	WRITE-UP	ACCNTG	AUDIT	MGMT/SERV	OTHER	N/R
ALL RESPONDENTS	3063	44	41	9	1	1	1	1
GEOGRAPHIC REGION								
NEW ENGLAND	201	47	31	12	5	1		1
MIDDLE ATLANTIC	648	41	40	10	2	1	1	1
SOUTHEAST	535	42	46	6		1		1
CENTRAL	671	37	47	10		1		1
NORTHWEST	202	49	41	5	3			1
SOUTHWEST	262	47	40	7			1	2
FARWEST	541	52	35	8		1	1	
POPULATION SIZE								
UNDER 25,000	806	55	33	7	1	1		
25,000 TO 49,999	458	41	41	10	2	1	1	1
50,000 TO 99,999	480	40	45	9	1	1		1
100,000 TO 499,999	597	41	43	9	1	1		2
500,000 TO 999,999	279	36	49	8	1	1	1	1
1,000,000 OR MORE	439	36	45	10	1	1	2	2
METROPOLITAN AREA								
ATLANTA	17	47	41		5	5		
CHICAGO	98	32	51	12	1	1	1	1
CLEVELAND	39	30	59	7				2
DALLAS - FORT WORTH	39	41	46	5			2	5
DENVER	15	40	40	20				
DETROIT	64	25	56	14		1	1	1
LOS ANGELES	25	52	40	8				
MIAMI	6	16	83					
MINNEAPOLIS-ST PAUL	25	48	36	12		4		
NEW YORK CITY	176	34	47	10	3	1	2	1
PHILADELPHIA	46	41	34	13	2		4	4
PHOENIX	6	83	16					
SAN FRANCISCO	23	60	34	4				
SEATTLE	17	64	23	11				
WASHINGTON, D.C.	49	53	34	4	2	2	2	2

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 3

AVERAGE PERCENT GROSS INCOME FROM PRIMARY SOURCE OF INCOME
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES #	PRIMARY SOURCE OF INCOME (AS % OF RESPONDENTS) TAX	WRITE-UP	ACCNTG	AUDIT	MGMT/SERV	OTHER	N/R
ALL RESPONDENTS	3063	44	41	9	1	1	1	1
TYPE FIRM								
PROPRIETOR NO EMPS.	807	50	34	8	1	1		2
PROPRIETOR WITH EMPS.	1244	43	43	9	1			1
TWO PARTNERS	223	41	43	9	1	1		1
OVER TWO PARTNERS	62	46	32	8	9			3
PROFESSIONAL CORP.	719	38	45	9	1	2	1	1
SIZE OF FIRM								
EXCLUDING PRINCIPALS								
ONE FULL-TIME EMP.	304	44	42	8	1	1		1
TWO FULL-TIME EMPS.	533	41	44	9	1	1	1	
THREE FULL-TIME EMPS.	261	40	45	9			2	
FOUR OR MORE FULL-TIME	476	36	47	9	3	1	1	1
GROSS INCOME								
UNDER $20,000	171	63	25	4	2	2		2
$20,000 TO 29,999	210	56	33	8				1
$30,000 TO 39,999	241	40	42	10	1	1		2
$40,000 TO 49,999	266	44	40	9	2		1	
$50,000 TO 59,999	258	49	36	9			1	2
$60,000 TO 74,999	325	43	40	9	1	2	1	1
$75,000 TO 99,999	456	39	45	11		1	1	1
$100,000 TO 199,999	723	41	44	8	1	1		1
$200,000 OR 499,999	342	38	48	8	1			
$500,000 OR MORE	71	32	32	9	12	5	5	1
YEARS IN PRACTICE								
1 TO 4 YEARS	280	41	46	7	1	2		
5 TO 9 YEARS	510	46	41	7	1	2	1	1
10 TO 14 YEARS	492	46	42	7				1
15 TO 19 YEARS	342	42	42	9	2	2		
20 TO 24 YEARS	323	44	41	9			1	2
25 TO 29 YEARS	253	44	41	9	2			1
30 TO 44 YEARS	429	43	35	13	3			2
OVER 44 YEARS	17	35	35	29				

CHAPTER IV

Minimum and Average Fees for Federal Tax Return Preparation

(See Table on pages 16 and 17)

All respondents, whether or not their practices were primarily oriented to tax services, were asked to provide their minimum and average fees for the preparation of federal income tax returns. These returns include Form 1040 not itemized, Form 1040 itemized, Form 1065 (partnership) and Form 1120 (corporation). In total, the respondents prepared 1,263,047 federal income tax returns in 1984. Seventy percent were Form 1040 itemized; 18% were Form 1040 not itemized; 8% were Form 1120 corporation; and 4% were Form 1065 partnership.

The average minimum fee charged for the preparation of a Form 1040 not itemized was $30. The minimum fee is defined as the lowest fee a practice would accept to complete a tax return for a client. The average fee received was $39. The average fee is defined as the amount actually received after completing a given tax return.

The average minimum fee for a Form 1040 not itemized in 1981 was $24. Thus, minimum fees have increased 25% over a three-year period. The average fee received in 1981 was $29, reflecting an increase of 34% for 1984.

For the Form 1040 not itemized, the minimum fee ranged from a low of $25 in the Central and Northwest geographic regions to a high of $36 in the Far West. The average fee received for this form ranged from a low of $34 in the Central region to a high of $46 in the Far West.

The larger the size of the city in which the practice is located, the higher the minimum and average tax return fees. For practices located in cities with a population under 25,000 the minimum fee is $26 and the average fee received is $36. This compares with practices located in cities with one million or more in population where the minimum fee is $33, or 27% more, and the average fee received is $44, or 22% more. Minimum and average fees vary widely by metropolitan area. Minimum fees range from a high of $45 in Los Angeles to a low of $23 in Miami. Average fees range from a high of $53 to a low of $25 in the same cities.

Fees increase when comparing a sole proprietorship with no employees to a partnership with more than two partners. In the first case, the minimum fee is $28 and the average fee received is $36; in the second case, the minimum fee is $31 and the average fee received is $47.

The more employees, the higher the minimum and average fee. For practices with four or more employees the minimum fee is $35; the average fee $45.

There is a direct relationship between the minimum and average fee and the gross income of the practice. For practices with a gross income under $20,000, the minimum fee is $22 and the average fee is $28. For practices with $500,000 or more in gross income, the minimum fee is $42, or 91% more; the average fee received is $53, or 90% more.

Minimum and average fees for a Form 1040 not itemized do not vary significantly by primary source of income nor by number of years in practice.

For Form 1040 itemized, which generates 70% of federal income tax return preparation work, the minimum fee is $61 and the average fee received is $109. Comparing these numbers with the 1981 survey, it can be seen that the minimum fee has increased 39% (from $44 to $61); and the average fee received has increased 56% (from $70 to $109).

Minimum fees range from a low of $46 in the Northwest to a high of $74 in the Far West. Average fees received range from a low of $86 in the Central region to a high of $134 in the Far West.

The larger the size of the city in which the practice is located, the larger the minimum and average fees. Practices in cities of one million or more in population charge a minimum fee of $76 and receive an average fee of $134. Metropolitan variations are again quite significant, ranging from a minimum fee of $50 in Miami, to $91 in San Francisco. The average fee received ranged from a low of $70 in Miami, to a high of $154 in San Francisco.

Firms with more than two partners charge the

highest minimum fee ($79) and have the highest average fee ($124). A sole proprietorship with no employees charges a minimum fee of $57 and receives an average fee of $97. Practices with four or more full-time employees report a minimum of $73 and an average fee of $148. Those with one full-time employee charge a minimum fee of $58 and receive an average fee of $101.

The relationship between gross income and these charges continues. Practices with under $20,000 in gross income charge a minimum fee of $39 and receive an average fee of $67; while practices with $500,000 in gross income charge a minimum fee of $114 and earn an average fee of $191. Firms whose primary source of income is auditing or management advisory services, etc., charge a significantly higher minimum ($91) and average ($153) fee for a Form 1040 itemized. The length of time in practice does not significantly affect either the minimum or average fee, except in the case of those in practice more than 44 years, which charge a lower minimum fee.

Four percent of all returns prepared are Form 1065. The national minimum fee for this return is $143 compared to $110 in 1981 (30% increase); and the average fee received is $205, compared to $159 in 1981 (an increase of 29%).

For Form 1065, the highest minimum fee is charged in the Mid-Atlantic region ($170) and the highest average fee received is in the Far West ($236). The larger the city in which the practice is located, the higher the fee. Variation in metropolitan areas continues with the highest minimum fee in New York City ($232), and the highest average fee also received in New York City ($293). Firms with two or more partners have the highest minimum and average fee received, as do firms with four or more full-time employees. The greater the gross income of the practice, the more likely the fee will be higher. Again, much higher minimum and average fees are charged by firms whose primary source of income is auditing, management advisory services or other services. Firms in practice more than 30 years receive a larger average fee, although length of practice does not generally affect fees charged.

Finally, 8% of the returns prepared by respondents are Form 1120—the federal corporation income tax return. The minimum fee for such preparation is $212 in 1984 as compared to $168 in 1981 (an increase of 26%); with an average fee received in 1984 of $340, compared to $258 in 1981 (an increase of 32%).

The New England region charges the highest minimum and receives the highest average fee for completing a Form 1120 ($277 and $466, respectively). The larger the city, the larger the minimum and average fee received. Variation by metropolitan area reflects a low minimum of $144 in Phoenix to a high of $291 in New York City. Average fees ranged from $259 in Phoenix to $509 in Philadelphia. Partnerships with more than two partners and practices with four or more full-time employees have the highest minimum and average fees. The larger the gross income of the firm, the higher the minimum fee and the higher the average fee received.

To summarize, 70% of all forms prepared by respondents were Form 1040 itemized, and 18% were Form 1040 not itemized. The minimum fee for the preparation of Form 1040 not itemized was $30, compared to a minimum fee of $212 for completing Form 1120. The average fee received for completing Form 1040 not itemized was $39; for Form 1040 itemized it was $109; for Form 1065 partnership it was $205; and for Form 1120 it was $340. These fees vary by geographic region, but increase as the population size of the city increases. As the size of the firm increases, gross income also increases.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 4

AVERAGE MINIMUM AND AVERAGE FEES FOR FEDERAL TAX RETURNS
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	I FORM 1040 NOT ITEMIZED			II FORM 1040 ITEMIZED			III FORM 1065 PARTNER			IV FORM 1120 CORP.		
	#	TOTAL # RET	MIN FEE	AVG FEE	TOTAL # RET	MIN FEE	AVG FEE	TOTAL # RET	MIN FEE	AVG FEE	TOTAL # RET	MIN FEE	AVG FEE
ALL RESPONDENTS	3003	229,383	$ 30	$ 39	885,202	$ 61	$ 109	52,591	$ 143	$ 205	95,871	$ 212	$ 340
GEOGRAPHIC REGION													
NEW ENGLAND	201	15,241	31	40	59,604	57	96	3,347	155	228	8,709	277	466
MIDDLE ATLANTIC	638	32,576	33	40	170,463	73	115	9,623	170	234	21,423	251	397
SOUTHEAST	520	58,196	27	35	160,728	54	111	9,560	130	184	17,686	190	297
CENTRAL	656	60,983	25	34	215,728	49	86	12,957	117	170	25,488	181	284
NORTHWEST	195	12,479	25	38	60,034	46	91	3,428	113	180	5,864	161	294
SOUTHWEST	257	17,508	30	42	62,605	61	118	3,953	138	207	6,265	213	343
FARWEST	533	32,248	36	46	155,522	74	134	9,655	164	236	10,353	233	358
POPULATION SIZE													
UNDER 25,000	788	83,083	26	36	244,996	48	88	13,770	118	179	21,034	187	306
25,000 TO 49,999	449	31,658	31	40	135,457	58	98	8,210	133	183	15,131	218	340
50,000 TO 99,999	475	33,108	30	38	143,111	60	125	8,689	146	206	16,269	216	350
100,000 TO 499,999	585	36,480	30	39	184,208	67	112	10,850	155	223	20,862	222	361
500,000 TO 999,999	273	22,033	32	41	73,699	66	112	4,557	151	210	7,760	216	319
1,000,000 OR MORE	429	22,927	33	44	103,151	76	134	6,469	175	251	14,701	234	379
METROPOLITAN AREA													
ATLANTA	17	903	24	31	4,246	63	107	242	150	201	778	216	356
CHICAGO	98	5,163	26	33	30,746	55	93	2,207	135	170	4,303	184	260
CLEVELAND	39	2,972	28	37	12,625	55	114	459	120	206	1,615	190	373
DALLAS - FORT WORTH	37	2,334	31	48	7,383	59	129	547	133	206	829	208	342
DENVER	15	346	25	29	3,623	59	106	163	127	189	321	176	293
DETROIT	62	2,518	26	32	18,052	58	89	1,020	142	180	2,508	233	362
LOS ANGELES	25	3,364	45	53	8,434	83	138	288	163	217	265	264	340
MIAMI	6	237	23	25	1,533	50	70	72	150	175	380	195	286
MINNEAPOLIS-ST PAUL	24	889	30	33	6,934	61	95	330	155	214	548	230	384
NEW YORK CITY	174	5,849	37	45	38,179	89	138	1,491	232	293	5,606	291	435
PHILADELPHIA	45	2,524	28	34	9,302	56	85	558	159	252	1,116	276	509
PHOENIX	6	602	30	34	3,750	63	95	117	143	275	188	144	259
SAN FRANCISCO	23	650	38	44	5,683	91	154	389	180	243	466	263	319
SEATTLE	17	924	29	43	4,271	53	89	258	138	231	209	217	269
WASHINGTON, D.C.	47	1,000	39	46	11,988	89	153	541	156	213	1,336	182	296

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 4

AVERAGE MINIMUM AND AVERAGE FEES FOR FEDERAL TAX RETURNS
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	I FORM 1040 NOT ITEMIZED			II FORM 1040 ITEMIZED			III FORM 1065 PARTNER			IV FORM 1120 CORP.		
	#	TOTAL # RET	MIN FEE	AVG FEE	TOTAL # RET	MIN FEE	AVG FEE	TOTAL # RET	MIN FEE	AVG FEE	TOTAL # RET	MIN FEE	AVG FEE
ALL RESPONDENTS	3003	229,383	$ 30	$ 39	885,202	$ 61	$ 109	52,591	$ 143	$ 205	95,871	$ 212	$ 340
TYPE FIRM													
PROPRIETOR NO EMPS.	790	36,168	28	36	126,185	57	97	5,717	136	187	10,429	204	306
PROPRIETOR WITH EMPS.	1222	102,833	30	38	371,995	58	108	20,414	139	202	34,050	214	337
TWO PARTNERS	217	22,498	32	43	88,462	69	114	6,171	159	220	10,771	208	371
OVER TWO PARTNERS	62	7,230	31	47	36,920	79	124	3,023	168	268	5,797	253	502
PROFESSIONAL CORP.	704	60,036	31	42	260,023	66	121	17,177	149	218	34,606	216	358
SIZE OF FIRM EXCLUDING PRINCIPALS													
ONE FULL-TIME EMP.	787	49,969	29	37	185,307	58	101	9,576	139	201	15,496	216	343
TWO FULL-TIME EMPS.	522	52,556	29	38	171,657	60	102	9,329	140	209	16,071	206	339
THREE FULL-TIME EMPS.	278	29,083	31	44	100,788	59	108	5,683	143	212	11,438	217	347
FOUR OR MORE FULL-TIME	467	53,917	35	45	269,486	73	148	20,565	157	227	39,352	222	390
GROSS INCOME													
UNDER $20,000	164	7,477	22	28	16,621	39	67	473	108	134	792	175	212
$20,000 TO 29,999	204	10,294	23	29	25,183	45	75	1,183	112	140	1,614	166	224
$30,000 TO 39,999	237	11,665	27	36	33,190	54	92	1,648	127	170	2,277	178	260
$40,000 TO 49,999	259	12,133	27	35	46,137	61	96	2,408	138	202	3,637	200	319
$50,000 TO 59,999	251	17,364	29	33	52,310	52	89	2,665	135	182	4,413	210	297
$60,000 TO 74,999	321	20,607	30	39	74,544	59	102	3,318	146	213	6,478	222	354
$75,000 TO 99,999	450	39,869	29	38	122,528	58	103	6,060	135	198	11,867	216	347
$100,000 TO 199,999	714	64,172	32	43	260,025	65	116	16,558	149	221	28,115	221	376
$200,000 OR 499,999	335	37,804	38	49	200,339	78	168	12,084	174	252	25,250	236	412
$500,000 OR MORE	68	7,998	42	53	54,325	114	191	6,194	196	298	11,428	326	580
PRIMARY SOURCE OF INCOME													
TAX SERVICES	1002	119,746	29	40	412,017	58	105	18,893	137	198	25,765	204	343
ACCOUNTING & WRITE-UP	1718	93,882	30	38	406,776	60	108	28,171	144	205	59,545	212	328
OTHER (INCL. AUDITING)	105	3,303	35	40	21,787	91	153	1,665	183	294	5,145	285	494
YEARS IN PRACTICE													
1 TO 4 YEARS	270	10,205	29	39	41,831	62	103	3,008	145	195	5,113	201	302
5 TO 9 YEARS	501	26,706	30	39	126,574	58	101	6,915	149	204	13,558	193	311
10 TO 14 YEARS	485	36,942	30	39	156,919	60	105	7,871	140	209	16,398	208	343
15 TO 19 YEARS	330	28,006	30	41	110,771	66	118	5,903	144	209	11,963	214	350
20 TO 24 YEARS	318	30,480	27	38	117,617	57	100	7,806	145	201	14,036	216	338
25 TO 29 YEARS	250	30,257	31	40	100,156	61	104	5,496	138	197	9,000	229	351
30 TO 44 YEARS	423	32,131	32	41	114,842	65	113	8,277	144	225	13,217	232	396
OVER 44 YEARS	17	997	30	35	3,337	52	105	394	127	233	458	209	397

CHAPTER V

Hourly and Monthly Fixed Fees

(See Table on pages 19 and 20)

Respondents provided information on their firms' average hourly fees and/or fixed monthly fees (including overhead or burden) for performing the following types of services: a) tax services (excluding preparation of tax returns, but including tax planning, estate planning, consultation, representation before tax authorities, etc.); b) write-up work (the accountant provides a bookkeeping service, *i.e.*, journals, ledgers, payrolls, etc. and preparation of periodical financial statements for these clients); c) accounting work (for those clients who have a bookkeeper on the premises and the accountant begins his service by working from a pre-adjusted trial balance; includes compilation and review reports); d) management advisory services (advising on business matters that are not included in the above services, *i.e.*, personnel, systems, computerization, equipment acquisition, pension plans, personal financial planning, etc.).

An average hourly fee for auditing was requested, but insufficient responses did not allow the display of data. Finally, if in fact the practice had a single fixed or hourly fee for all the above services, this was requested and listed in Table 5 under the column "One Fee."

The average hourly fee for tax services was $51 in 1984; for write-up work, $35; for accounting work, $44; and for management advisory services, $46. This indicates an hourly fee increase over 1981 in write-up work of 35% (from $26 to $35); an increase of 29% in accounting work (from $34 to $44); and an increase of 7% in management advisory services (from $43 to $46). The average hourly fee for a single fee practice was $43. This is a 30% increase from 1981 ($33 to $43).

The larger the city in which the practice is located, the more likely the average hourly fees will be higher. As an example, a practice in a city with a population less than 25,000 charges $31 per hour for write-up work; in a city of one million or more, the fee is $41.

The results for type of firm and size of firm show some difference from the national average, but none overly significant. It should be noted, however, that the average hourly fees of professional corporations were generally higher than those of other types of firms. It also should be noted that firms with four or more employees tend to charge the highest fees.

As also has been well documented, the higher the gross income of the firm, the higher the average hourly fees. Firms with a gross income of $20,000 to $29,000 average $39 for tax services, $27 for write-up work, $31 for accounting work, and $30 for management advisory services. This compares with their counterparts with a gross income of $500,000 or more who charge $61 for tax services, $37 for write-up work, $47 for accounting work, and $59 for management advisory services. Firms which charge only one fee and earn less than $20,000 in gross revenues charge a $29 average hourly fee, while their counterparts with $500,000 or more in gross income charge $52 as a one-fee average hourly fee.

One final note, the longer the firm has been in practice, the higher the average hourly fees. They range from a low of $45 for tax services for a practice in existence less than four years, to a high of $58 for a practice in existence more than 44 years.

Practices which charge a fixed monthly fee, rather than on an hourly basis, constitute about one-third of the respondents. Their monthly fees average $120 for tax services, $146 for write-up work, $180 for accounting work, and $157 for those charging only one fee for all services.

Regional differences were significant with the Northwest region receiving an average fixed fee of $255 for accounting work, as compared to $136 in the Southwest. In firms which charge only one monthly fee for all services, fees ranged from $210 in the Far West to $123 in the Central region.

As previously shown, the type of firm has an impact on the results. In this case, the average fixed fees for proprietorships with no employees are at the lower end of the scale, while partnerships with more than two partners are at the higher end of the scale.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 5

HOURLY AND MONTHLY FIXED FEES FOR VARIOUS SERVICES
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	I					II					III	
	RESPONSES	AVERAGE HOURLY FEES					AVERAGE FIXED FEES				AVERAGE HOURLY FEE	
	#	TAX	WRITE-UP	ACCTG	ONE FEE	#	TAX	WRITE-UP	ACCTG	ONE FEE	#	MAS
ALL RESPONDENTS	3063	$ 51	$ 35	$ 44	$ 43	1121	$ 120	$ 147	$ 180	$ 157	2087	$ 46
GEOGRAPHIC REGION												
NEW ENGLAND	201	51	32	46	38	66	134	155	152	127	157	48
MIDDLE ATLANTIC	648	55	39	48	51	235	139	169	223	183	463	47
SOUTHEAST	535	46	32	41	41	231	132	134	140	142	366	43
CENTRAL	671	44	32	39	38	231	91	120	161	123	446	43
NORTHWEST	202	44	30	36	32	62	76	182	255	133	141	37
SOUTHWEST	262	50	37	44	42	114	116	143	136	146	159	47
FARWEST	541	61	37	49	52	180	119	154	177	210	354	55
POPULATION SIZE												
UNDER 25,000	806	45	31	39	37	269	117	161	201	135	559	40
25,000 TO 49,999	458	48	33	43	42	158	114	144	163	231	321	44
50,000 TO 99,999	480	52	36	45	44	186	114	127	163	143	334	49
100,000 TO 499,999	597	53	36	46	46	203	122	141	161	134	396	49
500,000 TO 999,999	279	54	37	46	42	113	100	137	179	153	189	46
1,000,000 OR MORE	439	59	41	50	53	191	139	160	210	169	285	56
METROPOLITAN AREA												
ATLANTA	17	44	32	37	42	7	125	175		225	14	46
CHICAGO	98	50	37	44	46	37	82	118	151	147	70	49
CLEVELAND	39	48	35	45	42	12	136	132	163	275	25	51
DALLAS - FORT WORTH	39	56	43	45	55	17	172	133	208	155	26	53
DENVER	15	57	34	38		4	30	87	265	29	11	39
DETROIT	64	52	37	47	33	18	112	109	129		40	55
LOS ANGELES	25	61	39	54	62	12	131	164	220	125	14	50
MIAMI	6	57	36	45	75	3		88			3	48
MINNEAPOLIS-ST PAUL	25	48	33	37	43	10	79	145	40		18	48
NEW YORK CITY	176	67	49	59	66	79	158	189	226	213	117	55
PHILADELPHIA	46	52	42	49	47	14	75	118	188	75	30	43
PHOENIX	6	55	32	26		2	87	120	125		3	61
SAN FRANCISCO	23	88	40	51	47	6	150	216	237	410	13	53
SEATTLE	17	49	31	38	58	5	65	125	91	125	13	46
WASHINGTON, D.C.	49	56	34	40	48	20	143	227	164	181	36	54

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 5

HOURLY AND MONTHLY FIXED FEES FOR VARIOUS SERVICES
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	I					II					III	
	RESPONSES	AVERAGE HOURLY FEES				AVERAGE FIXED FEES					AVERAGE HOURLY FEE	
	#		TAX	WRITE-UP	ACCTG	ONE FEE	#	TAX	WRITE-UP	ACCTG	ONE FEE	#	WAS
ALL RESPONDENTS	3063	$	51	$ 35	$ 44	$ 43	1121	$ 120	$ 147	$ 180	$ 157	2087	$ 46
TYPE FIRM													
PROPRIETOR NO EMPS.	807		46	33	41	40	291	111	139	161	143	448	41
PROPRIETOR WITH EMPS.	1244		50	34	44	45	441	109	150	188	128	859	45
TWO PARTNERS	223		54	36	45	47	84	161	141	201	249	173	48
OVER TWO PARTNERS	62		52	35	44	52	17	91	269	251	325	52	53
PROFESSIONAL CORP.	719		55	38	46	44	284	144	144	174	165	549	52
SIZE OF FIRM EXCLUDING PRINCIPALS													
ONE FULL-TIME EMP.	804		49	34	43	45	305	126	160	195	144	535	45
TWO FULL-TIME EMPS.	533		52	37	47	45	194	113	150	180	203	381	46
THREE FULL-TIME EMPS.	281		53	36	45	51	94	126	129	168	62	211	50
FOUR OR MORE FULL-TIME	476		57	36	46	48	169	121	149	179	180	397	52
GROSS INCOME													
UNDER $20,000	171		33	27	29	29	68	68	92	155	67	85	31
$20,000 TO 29,999	210		39	27	31	30	82	69	112	106	129	108	30
$30,000 TO 39,999	241		41	30	37	37	85	117	116	115	85	153	36
$40,000 TO 49,999	266		45	31	40	44	102	116	139	196	131	162	39
$50,000 TO 59,999	258		47	34	43	42	102	126	137	179	194	169	43
$60,000 TO 74,999	325		50	36	45	40	123	138	210	189	142	213	45
$75,000 TO 99,999	456		49	36	45	45	172	113	146	217	148	312	44
$100,000 TO 199,999	723		57	38	48	53	245	139	145	179	210	545	53
$200,000 OR 499,999	342		63	39	49	60	121	144	164	187	226	277	57
$500,000 OR MORE	71		61	37	47	52	21	164	209	339	153	63	59
PRIMARY SOURCE OF INCOME													
TAX SERVICES	1011		52	34	44	46	309	119	156	181	137	676	47
ACCOUNTING & WRITE-UP	1749		50	35	44	41	719	116	145	178	166	1190	46
OTHER (INCL. AUDITING)	120		55	37	45	53	33	167	162	114	169	106	50
YEARS IN PRACTICE													
1 TO 4 YEARS	280		45	33	40	41	139	123	173	168	121	184	44
5 TO 9 YEARS	510		49	33	42	42	204	107	141	167	161	355	46
10 TO 14 YEARS	492		51	35	43	42	187	116	140	179	103	349	49
15 TO 19 YEARS	342		51	35	46	46	120	131	149	175	155	240	49
20 TO 24 YEARS	323		50	35	43	46	116	124	143	178	201	207	44
25 TO 29 YEARS	253		54	37	45	48	69	98	149	222	170	170	46
30 TO 44 YEARS	429		56	36	46	43	128	147	158	195	148	280	48
OVER 44 YEARS	17		58	37	47	35	6	154	133	60	237	11	46

CHAPTER VI

Billing Rate Per Hour For Staff Employees

(See Table on pages 22 and 23)

Respondents were asked to provide information on the billing rate per hour for specific classes of staff employees. These included: a) secretarial, stenographic and clerical; b) junior accountant (0-2 years); c) semi-senior accountant (3-4 years); d) senior accountant (5 years and over); and e) principals, partners or associates.

The average billing rate per hour for secretarial, stenographic and clerical employees was $18 per hour. This compares with $15 per hour in 1981, a 20% increase.

The average billable rate ranges from a low of $16 in the Northwest to $21 in the Far West. It ranges from a low of $17 for practices located in cities under 25,000 in population to a high of $20 for those practices located in a population area of one million or more. It ranges from a low of $16 per hour in Atlanta and Minneapolis/St. Paul to a high of $27 in Dallas/Fort Worth. The more employees, the higher the hourly rate. The higher the gross income, the higher the hourly rate. The more years in practice, the higher the hourly rate. Primary source of income for the firm does not affect the average billing rate per hour except for partners or associates who do auditing work.

For a junior accountant (0-2 years) the average billing rate per hour was $26. This compares with $21 in 1981, an increase of 24%. The average rate ranges from a low of $23 in the Northwest to a high of $29 in the Far West. It ranges from a low of $23 for cities under 25,000 in population to a high of $29 for cities with a population of 500,000 to 999,999. It ranges from a low of $21 in Atlanta and Seattle to a high of $38 in Miami. The more employees, the higher the gross income and the more years in practice all generally mean the hourly billing rate for junior accountants will be higher.

The semi-senior accountant (3-4 years) has an average billing rate per hour of $34. This compares with $27 in 1981, an increase of 26%. The average rate ranges from a low of $29 in the Northwest to a high of $36 in the Far West. It ranges from a low of $30 in cities under 25,000 people to a high of $37 in cities with a population of 500,000 to 999,999. It ranges from a low of $24 in Atlanta to a high of $48 in Los Angeles. Again, the more employees, the higher the gross income and the longer in practice, the more likely the billing rate will be higher.

For a senior accountant (5 years and over) the average billing rate per hour was $43. This is a 26% increase over the $34 billing rate per hour reported in 1981. The average rate ranges from a low of $36 in the Northwest to a high of $49 in the Far West. It ranges from a low of $37 in cities under 25,000 population to a high of $48 in cities with a population of 500,000 to 999,999. It ranges from a low of $33 in Seattle to a high of $63 in Miami. The more employees in the practice, the higher the gross income and the more years in practice, indicate a higher billing rate for this position.

Finally, for the principals, partners, or associates, the average billing rate in 1984 was $51 per hour. This compares with $39 per hour in 1981, an increase of 31%. The average rate ranges from a low of $42 in the Northwest to a high of $61 in the Far West. It ranges from a low of $44 per hour in cities under 25,000 in population to a high of $58 in areas with a population of one million or more. It ranges from a low of $43 in Atlanta and Minneapolis/St. Paul to a high of $101 in San Francisco. The more full-time employees, the larger the gross income of the practice and the longer it has been in existence, the higher the principal's or partner's billing rate.

To summarize, billing rates have increased approximately 25% since the last survey in 1981. This reflects a 20% increase for secretarial, stenographic and clerical workers; a 24% increase for junior accountants; a 26% increase for semi-senior accountants; a 26% increase for senior accountants; and a 31% increase for principals, partners or associates. The average billing rate per hour is $18 for secretarial, stenographic and clerical; $26 for junior accountants; $34 for semi-senior accountants; $43 for senior accountants; and $51 for principals, partners or associates.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 6

BILLING RATE PER HOUR FOR EACH TYPE STAFF EMPLOYEE
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	STAFF POSITIONS				
	#	SECR/ CLER.	JUNIOR ACCT.	SEMI-SR ACCT.	SENIOR ACCT.	PARTNER OR ASSOC.
ALL RESPONDENTS	3063	$ 18	$ 26	$ 34	$ 43	$ 51
GEOGRAPHIC REGION						
NEW ENGLAND	201	18	27	34	44	52
MIDDLE ATLANTIC	648	18	25	35	45	55
SOUTHEAST	535	18	25	33	42	46
CENTRAL	671	17	24	32	38	44
NORTHWEST	202	16	23	29	36	42
SOUTHWEST	262	19	26	35	44	50
FARWEST	541	21	29	36	49	61
POPULATION SIZE						
UNDER 25,000	806	17	23	30	37	44
25,000 TO 49,999	458	18	25	33	43	48
50,000 TO 99,999	480	20	26	35	44	51
100,000 TO 499,999	597	18	26	35	44	53
500,000 TO 999,999	279	19	29	37	48	55
1,000,000 OR MORE	439	20	27	36	47	58
METROPOLITAN AREA						
ATLANTA	17	16	21	24	35	43
CHICAGO	98	20	27	36	45	50
CLEVELAND	39	18	26	34	42	50
DALLAS - FORT WORTH	39	27	30	38	45	53
DENVER	15	18	27	28	45	46
DETROIT	74	18	25	33	44	51
LOS ANGELES	25	23	35	48	61	60
MIAMI	6	17	38	35	63	63
MINNEAPOLIS-ST PAUL	25	16	25	35	36	43
NEW YORK CITY	176	19	27	43	50	64
PHILADELPHIA	46	18	22	31	50	53
PHOENIX	6	20	23	31	39	57
SAN FRANCISCO	23	20	34	44	60	101
SEATTLE	17	17	21	25	33	44
WASHINGTON, D.C.	49	18	26	39	54	59

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 6

BILLING RATE PER HOUR FOR EACH TYPE STAFF EMPLOYEE
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	STAFF POSITIONS				
	#	SECR/ CLER.	JUNIOR ACCT.	SEMI-SR ACCT.	SENIOR ACCT.	PARTNER OR ASSOC.
ALL RESPONDENTS	3063	$ 18	$ 26	$ 34	$ 43	$ 51
PROPRIETOR WITH EMPS.	1244	18	24	31	41	50
TWO PARTNERS	62	18	26	35	44	56
OVER TWO PARTNERS	46	18	28	38	47	65
PROFESSIONAL CORP.	719	20	28	37	47	56
SIZE OF FIRM EXCLUDING PRINCIPALS						
ONE FULL-TIME EMP.	804	18	25	31	40	49
TWO FULL-TIME EMPS.	533	18	25	33	41	53
THREE FULL-TIME EMPS.	281	19	26	34	43	55
FOUR OR MORE FULL-TIME	476	20	28	36	46	60
GROSS INCOME						
UNDER $20,000	171	14	18	19	39	32
$20,000 TO 29,999	210	13	15	19	25	35
$30,000 TO 39,999	241	15	20	26	37	39
$40,000 TO 49,999	266	15	24	25	33	44
$50,000 TO 59,999	258	17	23	33	40	44
$60,000 TO 74,999	325	18	24	31	39	48
$75,000 TO 99,999	456	18	23	31	38	51
$100,000 TO 199,999	723	20	26	34	45	58
$200,000 OR 499,999	342	22	30	38	49	65
$500,000 OR MORE	71	21	30	39	51	70
PRIMARY SOURCE OF INCOME						
TAX SERVICES	1011	18	25	34	43	52
ACCOUNTING & WRITE-UP	1749	19	26	34	43	49
OTHER (INCL. AUDITING)	120	19	27	35	44	59
YEARS IN PRACTICE						
1 TO 4 YEARS	280	18	26	34	43	46
5 TO 9 YEARS	510	18	24	32	42	48
10 TO 14 YEARS	492	18	25	33	43	51
15 TO 19 YEARS	342	19	27	33	43	52
20 TO 24 YEARS	323	19	26	35	43	49
25 TO 29 YEARS	253	19	26	34	43	53
30 TO 44 YEARS	429	19	27	35	44	57
OVER 44 YEARS	17	22	21	36	47	60

CHAPTER VII

Average Number of Clients (Excluding Tax Return Clients)

(See Table on pages 25 and 26)

This chapter reports on the average number of clients served by the respondents, excluding tax return clients only. Stated another way, clients for whom the practitioner only prepares tax returns (no other service provided) are not included in the information that follows. Reported is the average number of clients served in total and the average number of clients served for: a) tax services (advice, counseling, planning, representation); b) write-up work; c) accounting work; d) auditing; e) management advisory services; and f) other.

The average number of clients served by the respondents, other than tax return clients only, was 102 clients. This ranges from a low of 87 in the Southwest to a high of 120 in New England. It ranges from a low of 99 in cities of 500,000 or more in population, to a high of 111 in cities with a population of 100,000 to 499,999. It ranges from a low of 72 in Denver to a high of 142 in Atlanta. The greatest number of total clients was in two-partner firms (213).

On average, respondents indicated they provide tax services to 37 clients; write-up work for 48; accounting work for 21; auditing work for 12; and management advisory services for 22.

Significant variations are shown in these statistics by geographic region, population size and metropolitan area, but no outstanding pattern exists to analyze. In examining the statistics by size of firm or gross income, as well as years in practice, there is a correlation between increases in each category and increases in each factor.

Not all this data was collected in the 1981 survey. However, where comparisons are available, they indicate a significant increase in the number of clients served over the past three years. As an example, in 1981 the average number of clients provided write-up work was 31; in 1984, 48. For accounting work, the average number of clients in 1981 was 10; in 1984, 21. In 1981, the average number of clients for auditing was 5; in 1984, 12.

In summary, there appears to be an increase in the number of clients handled by practices which provide services other than only tax return preparation. For all respondents, the average number of clients is 102. Ranked by type of service, the largest average number of clients served is 48 for write-up work; 37 for tax services; 22 for management advisory services; 21 for accounting work; and 12 for auditing.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 7

AVERAGE NUMBER OF CLIENTS EXCLUDING - TAX RETURN ONLY CLIENTS -
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES		PRIMARY TYPE OF CLIENT OTHER THAN TAX RETURNS					
	#	TOTAL CLIENTS	TAX	WRITE-UP	ACCTG	AUDIT	MAS	OTHER
ALL RESPONDENTS	3063	102	37	48	21	12	22	20
GEOGRAPHIC REGION								
NEW ENGLAND	197	120	37	40	28	15	30	21
MIDDLE ATLANTIC	626	105	37	44	24	13	18	18
SOUTHEAST	524	104	35	50	20	11	20	21
CENTRAL	660	119	42	61	21	11	25	20
NORTHWEST	198	96	36	42	15	12	26	21
SOUTHWEST	252	87	33	44	16	8	16	18
FARWEST	524	94	38	42	18	12	20	21
POPULATION SIZE								
UNDER 25,000	775	102	42	43	18	10	21	21
25,000 TO 49,999	448	108	39	48	23	13	23	20
50,000 TO 99,999	473	110	38	48	23	14	21	19
100,000 TO 499,999	585	111	36	53	23	13	20	20
500,000 TO 999,999	276	99	33	50	20	15	23	17
1,000,000 OR MORE	423	99	32	51	19	11	25	21
METROPOLITAN AREA								
ATLANTA	17	142	33	49	66	21	28	63
CHICAGO	96	122	49	66	15	13	24	20
CLEVELAND	36	133	43	82	22	8	15	10
DALLAS - FORT WORTH	37	100	44	51	13	15	16	14
DENVER	15	72	27	27	13	4	11	18
DETROIT	71	111	33	67	18	9	25	12
LOS ANGELES	25	86	37	40	17	9	16	18
MIAMI	6	96	26	63	11	5	4	
MINNEAPOLIS-ST PAUL	25	93	47	33	11	8	21	9
NEW YORK CITY	170	89	35	38	19	16	19	15
PHILADELPHIA	45	77	24	44	20	15	10	7
PHOENIX	6	96	33	66	11		3	9
SAN FRANCISCO	23	85	45	34	16	11	15	15
SEATTLE	16	85	33	28	22	11	23	13
WASHINGTON, D.C.	46	93	39	44	16	12	25	18

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 7

AVERAGE NUMBER OF CLIENTS EXCLUDING - TAX RETURN ONLY CLIENTS - BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	PRIMARY TYPE OF CLIENT OTHER THAN TAX RETURNS					
	#	TOTAL CLIENTS	TAX	WRITE-UP	ACCTG	AUDIT	MAS	OTHER
ALL RESPONDENTS	3063	102	37	48	21	12	22	20
TYPE FIRM								
PROPRIETOR NO EMPS.	772	49	22	21	11	7	12	17
PROPRIETOR WITH EMPS.	1218	104	39	47	20	10	20	17
TWO PARTNERS	60	213	71	82	50	21	27	23
OVER TWO PARTNERS	44	196	64	81	38	12	29	18
PROFESSIONAL CORP.	707	142	42	72	23	15	30	26
SIZE OF FIRM EXCLUDING PRINCIPALS								
ONE FULL-TIME EMP.	788	73	30	33	14	9	15	17
TWO FULL-TIME EMPS.	521	106	35	50	19	10	20	20
THREE FULL-TIME EMPS.	277	140	49	63	26	9	21	17
FOUR OR MORE FULL-TIME	466	244	70	114	45	21	42	28
GROSS INCOME								
UNDER $20,000	160	31	16	13	9	6	9	13
$20,000 TO 29,999	200	45	22	17	9	6	13	22
$30,000 TO 39,999	233	48	19	21	11	7	11	17
$40,000 TO 49,999	259	56	23	25	12	8	13	13
$50,000 TO 59,999	251	67	25	31	13	10	14	19
$60,000 TO 74,999	319	79	32	34	14	9	17	26
$75,000 TO 99,999	449	92	35	42	16	10	18	19
$100,000 TO 199,999	711	125	43	59	22	10	24	17
$200,000 OR 499,999	335	208	64	98	42	16	32	20
$500,000 OR MORE	67	475	114	220	88	40	72	48
PRIMARY SOURCE OF INCOME								
TAX SERVICES	973	109	50	38	21	12	25	23
ACCOUNTING & WRITE-UP	1728	102	30	55	21	10	18	15
OTHER (INCL. AUDITING)	116	117	29	37	29	30	38	27
YEARS IN PRACTICE								
1 TO 4 YEARS	276	61	25	30	13	9	11	11
5 TO 9 YEARS	496	91	29	43	18	10	21	19
10 TO 14 YEARS	480	106	37	48	21	11	22	18
15 TO 19 YEARS	333	107	36	52	20	13	24	18
20 TO 24 YEARS	314	126	47	56	23	13	31	27
25 TO 29 YEARS	248	134	58	58	25	12	26	19
30 TO 44 YEARS	410	108	35	51	20	14	19	20
OVER 44 YEARS	17	78	20	27	28	14	10	13

CHAPTER VIII

Computer Use by Applications

(See Table on pages 28 and 29)

Respondents not only indicated whether or not they use computers in their practices, but also the applications for which the computers are used. These applications include: a) tax return preparation; b) payroll; c) client write-up; d) general ledger; e) accounts receivable; f) accounts payable; g) word processing; h) depreciation; and i) client billing.

Of the respondents, 71.3% use a computer. This use ranges from a high of 78.6% of the respondents in the Southwest to a low of 60.6% in Mid-Atlantic states. It ranges from a high of 76.3% in cities with a population of 500,000 to 999,999 to a low of 67% in cities with a population of 25,000 to 49,999. It ranges from a low of 50% in Miami to a high of 84% in Minneapolis/St. Paul. Almost 52% of sole proprietorships with no employees utilize a computer; while 87% of partnerships with more than two partners use one.

The larger the number of full-time employees, the more likely the computer will be used. The larger the gross income, the more likely the computer will be used. As an example, 35.7% of firms with a gross income under $20,000 use the computer; whereas 95.8% of firms with $500,000 or more gross income use it. Sixty-three percent of those practices whose primary source of income is from tax services use a computer, compared to 77.5% of those whose primary source of income is from accounting work and write-up work. It is interesting to note that the longer the firm has been in practice, the less likely a computer will be used.

Following, in order, are the most popular applications for those utilizing computers:

- General Ledger — 90%
- Client Write-up — 88%
- Tax Preparation — 78%
- Payroll — 66%
- Word Processing — 41%
- Depreciation — 38%
- Accounts Receivable — 32%
- Client Billing — 22%
- Accounts Payable — 17%

To summarize, significant variations can be seen among geographic regions, population size and metropolitan area locations of the practice in the extent of utilization of computers. In almost all cases, firms with two or more partners or professional corporations tend to use a computer for all applications more often than do sole proprietorships with no employees. The larger the number of full-time employees, other than principals, the more likely a computer will be used for all applications. The larger the gross income of the practice, the more likely the computer will be used for all applications.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 8

USE OF COMPUTER BY APPLICATION
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	TYPE USE OF THE COMPUTER (AS % OF YES RESPONSES)									
	#	YES	TAX	PAYROLL	CLIENT A-C	GEN. LEDGER	ACCTS REC.	ACCTS PAY.	WORD PROC.	DEPR.	CLIENT BILLING
ALL RESPONDENTS	3063	71.3	78.3	66.3	87.9	90.3	31.9	17.3	40.5	38.1	22.3
GEOGRAPHIC REGION											
NEW ENGLAND	201	61.2	61.0	59.3	82.9	83.7	23.6	12.2	43.1	32.5	24.4
MIDDLE ATLANTIC	648	60.6	84.5	56.7	80.2	84.7	23.4	13.2	46.3	33.3	25.2
SOUTHEAST	535	75.3	64.0	69.5	97.5	94.0	36.2	18.1	36.5	41.9	20.1
CENTRAL	671	74.4	68.9	71.5	89.8	93.6	33.5	16.6	35.5	39.3	23.4
NORTHWEST	202	73.3	69.6	69.6	93.2	93.9	40.5	22.3	39.9	41.9	23.0
SOUTHWEST	262	78.6	73.3	67.5	90.8	90.3	37.4	21.8	38.8	37.9	15.5
FARWEST	541	75.8	108.8	66.1	81.7	88.5	30.5	18.5	45.4	37.6	22.7
POPULATION SIZE											
UNDER 25,000	806	69.9	66.4	69.1	86.1	90.1	35.2	17.4	41.4	40.7	20.4
25,000 TO 49,999	458	67.0	76.5	63.5	92.5	91.2	31.9	19.5	36.8	42.3	21.5
50,000 TO 99,999	480	75.0	78.6	68.1	88.1	91.1	33.3	17.2	40.0	37.2	23.6
100,000 TO 499,999	597	71.2	82.6	68.5	88.7	91.8	30.6	16.2	38.4	40.5	25.6
500,000 TO 999,999	279	76.3	77.9	63.8	91.1	91.1	35.2	23.0	46.0	33.3	21.6
1,000,000 OR MORE	439	71.3	95.2	60.4	83.1	86.6	24.0	12.5	42.2	30.0	20.4
METROPOLITAN AREA											
ATLANTA	17	58.8	90.0	70.0	100.0	100.0	40.0	40.0	60.0	50.0	30.0
CHICAGO	98	79.6	78.2	64.1	89.7	94.9	28.2	19.2	28.2	33.3	23.1
CLEVELAND	39	69.2	55.6	51.9	92.6	85.2	14.8	7.4	40.7	33.3	18.5
DALLAS - FORT WORTH	39	71.8	78.6	67.9	85.7	75.0	50.0	28.6	39.3	39.3	21.4
DENVER	15	80.0	108.3	66.7	83.3	108.3	16.7	16.7	58.3	50.0	33.3
DETROIT	74	70.3	69.2	73.1	94.2	98.1	38.5	19.2	32.7	38.5	23.1
LOS ANGELES	25	60.0	126.7	46.7	93.3	80.0	20.0	20.0	40.0	26.7	6.7
MIAMI	6	50.0	66.7	33.3	100.0	100.0	33.3	33.3	33.3		33.3
MINNEAPOLIS-ST PAUL	25	84.0	90.5	81.0	100.0	100.0	57.1	23.8	42.9	38.1	47.6
NEW YORK CITY	176	55.1	123.7	47.4	73.2	84.5	15.5	8.2	47.4	24.7	20.6
PHILADELPHIA	46	63.0	44.8	44.8	82.8	65.5	10.3	6.9	27.6	31.0	17.2
PHOENIX	6	66.7	150.0	100.0	75.0	100.0	75.0	75.0	75.0	50.0	
SAN FRANCISCO	23	73.9	117.6	52.9	76.5	82.4	17.6	17.6	58.8	35.3	35.3
SEATTLE	17	70.6	116.7	58.3	75.0	75.0	33.3	25.0	66.7	33.3	16.7
WASHINGTON, D.C.	49	63.3	93.5	48.4	77.4	90.3	25.8	16.1	51.6	25.8	32.3

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 8

USE OF COMPUTER BY APPLICATION
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	TYPE USE OF THE COMPUTER (AS % OF YES RESPONSES)									
	#	YES	TAX	PAYROLL	CLIENT A-U	GEN. LEDGER	ACCTS REC.	ACCTS PAY.	WORD PROC.	DEPR.	CLIENT BILLING
ALL RESPONDENTS	3063	71.3	78.3	66.3	87.9	90.3	31.9	17.3	40.5	38.1	22.3
TYPE FIRM											
PROPRIETOR NO EMPS.	807	51.9	85.4	55.6	78.0	84.0	23.2	16.9	42.0	30.5	10.3
PROPRIETOR WITH EMPS.	1244	72.7	73.0	68.8	89.7	90.9	32.4	16.9	39.2	38.0	19.1
TWO PARTNERS	62	85.5	79.2	67.9	86.8	92.5	30.2	11.3	37.7	58.5	37.7
OVER TWO PARTNERS	46	87.0	85.0	65.0	92.5	95.0	32.5	12.5	50.0	25.0	35.0
PROFESSIONAL CORP.	719	85.8	80.9	70.0	90.8	93.0	37.6	19.6	40.2	42.0	30.5
SIZE OF FIRM											
EXCLUDING PRINCIPALS											
ONE FULL-TIME EMP.	804	66.5	76.3	63.4	88.6	90.1	26.7	16.3	40.2	37.2	14.8
TWO FULL-TIME EMPS.	533	81.1	73.6	69.7	88.7	91.0	32.6	12.0	35.9	37.0	20.8
THREE FULL-TIME EMPS.	281	86.5	74.1	72.0	93.4	95.1	38.3	21.4	40.3	39.5	27.2
FOUR OR MORE FULL-TIME	476	92.0	81.3	74.9	93.8	93.8	43.8	21.2	43.6	48.4	42.2
GROSS INCOME											
UNDER $20,000	171	35.7	67.2	60.7	73.8	80.3	24.6	19.7	55.7	42.6	13.1
$20,000 TO 29,999	210	53.3	73.2	56.3	83.9	90.2	26.8	23.2	46.4	30.4	10.7
$30,000 TO 39,999	241	53.9	81.5	55.4	74.6	84.6	30.8	23.1	39.2	26.2	10.8
$40,000 TO 49,999	266	61.3	75.5	61.3	85.3	90.8	21.5	16.0	41.1	29.4	8.0
$50,000 TO 59,999	258	60.9	75.8	63.1	86.0	88.5	28.0	13.4	36.9	35.0	13.4
$60,000 TO 74,999	325	71.1	79.2	65.8	86.1	87.0	28.1	15.6	40.7	38.1	17.3
$75,000 TO 99,999	456	76.1	71.2	69.2	89.3	90.5	31.7	17.0	40.3	37.2	16.4
$100,000 TO 199,999	723	83.4	80.4	69.2	90.5	91.5	32.0	14.9	36.3	40.5	24.2
$200,000 OR 499,999	342	91.2	84.9	69.6	93.6	94.6	42.3	17.6	40.7	45.2	42.3
$500,000 OR MORE	71	95.8	86.8	75.0	92.6	92.6	47.1	32.4	63.2	48.5	63.2
PRIMARY SOURCE OF INCOME											
TAX SERVICES	1011	62.7	88.8	64.0	82.2	86.0	28.1	17.4	45.3	37.9	20.7
ACCOUNTING & WRITE-UP	1749	77.5	74.1	68.3	91.1	92.2	34.2	17.0	38.2	39.0	22.5
OTHER (INCL. AUDITING)	120	66.7	78.8	56.3	81.3	83.8	26.3	16.3	50.0	33.8	36.3
YEARS IN PRACTICE											
1 TO 4 YEARS	280	76.8	65.6	60.5	84.7	86.0	29.8	19.5	51.2	30.7	16.7
5 TO 9 YEARS	510	77.6	74.7	63.4	87.6	89.9	32.3	16.9	43.4	35.6	19.9
10 TO 14 YEARS	492	75.8	77.2	70.5	88.2	89.8	35.7	18.0	41.8	40.2	23.3
15 TO 19 YEARS	342	70.2	87.1	67.5	90.4	92.1	32.1	15.4	39.2	42.1	28.3
20 TO 24 YEARS	323	71.5	77.5	63.2	91.3	91.8	31.2	20.8	39.4	42.9	22.9
25 TO 29 YEARS	253	67.2	78.2	67.1	86.5	90.0	27.1	14.7	34.1	40.0	27.6
30 TO 44 YEARS	429	59.4	88.6	69.8	85.5	91.8	33.3	18.0	30.6	37.6	25.5
OVER 44 YEARS	17	41.2	85.7	85.7	85.7	85.7			42.9	57.1	

CHAPTER IX

Source of Computer Operations For Tax and Non-Tax Services

(See Table on pages 31 and 32)

Respondents who utilize a computer were divided into two groups: a) tax return preparation; and b) other services (payroll, client write-up, general ledger, accounts receivable, accounts payable, word processing, depreciation, client billing). Respondents were asked to indicate the source of the computer hardware and software used. The options were: a) lease equipment used on premises; b) own the equipment; c) use a service bureau with input equipment on premises; or d) use a service bureau without input equipment on premises. Also included was an inquiry regarding the use of the computer and its source for client billing.

In 1981, 56% of the respondents used data processing for either tax preparation or other client services. In 1984, this percentage has increased to 71.3%.

In actuality, 78.3% of the respondents who use a computer, use it for tax return preparation purposes. Of those responding to this question, 39.3% own the computer, 1.3% lease, 3.3% use a service bureau with input equipment on their premises, and 55.4% use a service bureau without input equipment on their premises.

Computer ownership for tax return preparation is most prevalent in New England, the Northwest and Southeast. It is least prevalent in the Far West. It also is more prevalent in small cities as compared to large cities (58% for cities with populations under 25,000; 20.1% for areas with a population of one million or more).

The larger the number of full-time employees other than principals, the more likely the practice will own the computer for tax return preparation purposes.

Of the respondents, 71.3% utilize a computer for purposes other than tax return preparation. Here computer ownership is much higher. In fact, 81.3% of the practices utilizing a computer for other than tax return services own their computer, compared to 39.3% who own their computer for tax return preparation purposes. Computer ownership by geographic region showed little significant difference from the national average. Computer ownership is more prevalent in small cities than large cities.

Little significant difference from the national averages for how computer time is billed can be seen by evaluating the geographic region or population size of the location of the practice. Differences do exist by metropolitan area and are best evaluated by reviewing Table 9.

In summary, the use of computers is advancing everywhere. This is as true in the public accounting field as it is in general industry. Most practices which use the computer for tax preparation only still use outside service bureaus without input equipment on their premises. For those practices which use the computer for a significant amount of non-tax return services, most own their own computer. In general, client billing for computer time is included in overhead or as part of the regular fee. In less than 20% of the cases, the clients are specifically billed for computer time by usage.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 9

HOW MEMBERS ACQUIRE USE OF COMPUTERS FOR TAX AND NON-TAX
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	I					II					III				
	RESPONSES	FOR TAX (% OF RESPONSE)					FOR NON-TAX (% OF RESPONSE)					BILLING (% OF RESPONSE)			
	#	OWN	LEASE	S/B W INP	S/B W/O INP	RESP. #	OWN	LEASE	S/B W INP	S/B W/O INP	RESP. #	IN OVHD	IN FEE	BY USAGE	N/R
ALL RESPONDENTS	1714	39.3	1.3	3.3	55.4	2182	81.3	5.0	2.6	9.6	3060	23.2	39.5	17.7	19.6
GEOGRAPHIC REGION															
NEW ENGLAND	77	57.1			40.3	123	78.0	5.7	.8	13.8	201	20.9	31.3	20.9	26.9
MIDDLE ATLANTIC	333	43.2	1.2	3.9	52.6	393	81.7	3.1	2.0	11.7	648	23.3	35.8	13.9	27.0
SOUTHEAST	258	55.8	1.9	2.7	38.8	403	86.6	5.0	2.7	5.0	535	23.0	44.5	13.1	19.4
CENTRAL	346	44.2	1.7	5.5	47.1	499	78.0	5.6	4.0	11.2	671	22.5	40.4	17.7	19.4
NORTHWEST	103	58.3	1.9	2.9	35.9	148	83.8	6.8	3.4	6.1	202	17.8	33.7	28.7	19.8
SOUTHWEST	151	42.4	2.0	4.0	51.7	206	89.8	3.9		5.3	262	25.2	41.6	19.8	13.4
FARWEST	446	14.6	.7	2.0	82.1	410	75.9	6.1	2.9	12.4	541	26.2	42.0	20.5	11.3
POPULATION SIZE															
UNDER 25,000	374	58.0	.5	3.7	38.0	563	86.3	3.9	1.8	6.6	806	20.3	39.7	17.5	22.6
25,000 TO 49,999	235	48.5	2.1	.9	48.5	307	82.7	4.6	3.3	8.5	458	22.3	35.8	17.7	24.2
50,000 TO 99,999	283	39.6	2.5	2.1	55.8	360	82.2	5.8	3.1	7.8	480	22.1	43.5	18.3	16.3
100,000 TO 499,999	352	37.5	.3	2.6	58.5	425	79.8	6.4	2.8	9.2	597	23.3	40.0	17.9	19.1
500,000 TO 999,999	166	24.1	2.4	4.2	68.7	213	78.9	5.2	1.4	12.2	279	26.5	42.7	17.6	13.3
1,000,000 OR MORE	298	20.1	1.3	6.4	71.5	313	74.1	4.8	3.5	16.9	439	28.9	36.0	17.5	17.5
METROPOLITAN AREA															
ATLANTA	9	44.4			44.4	10	80.0	10.0		10.0	17	17.6	35.3	11.8	35.3
CHICAGO	61	27.9		8.2	63.9	78	67.9	1.3	9.0	20.5	98	27.6	46.9	15.3	10.2
CLEVELAND	15	26.7		6.7	66.7	27	66.7	7.4	7.4	3.7	39	30.8	28.2	25.6	17.9
DALLAS - FORT WORTH	22	59.1		9.1	31.8	28	96.4			3.6	39	25.6	30.8	28.2	15.4
DENVER	13	53.8		7.7	38.5	12	75.0		8.3	16.7	15	26.7	26.7	33.3	13.3
DETROIT	36	36.1		5.6	58.3	52	86.5	3.8	1.9	7.7	74	20.3	44.6	12.2	23.0
LOS ANGELES	19	15.8			78.9	15	100.0				25	20.0	44.0	8.0	28.0
MIAMI	2	50.0			50.0	3	66.7			33.3	6	33.3	16.7	16.7	33.3
MINNEAPOLIS-ST PAUL	19	21.1		5.3	73.7	21	61.9	4.8		33.3	25	20.0	44.0	20.0	16.0
NEW YORK CITY	120	25.8		4.2	70.8	97	73.2		1.0	24.7	176	28.4	32.4	13.6	25.6
PHILADELPHIA	13	53.8			46.2	29	82.8			17.2	46	21.7	39.1	6.5	32.6
PHOENIX	6				100.0	4	100.0				6	16.7	50.0	33.3	
SAN FRANCISCO	20			5.0	90.0	17	76.5			17.6	23	30.4	39.1	26.1	4.3
SEATTLE	14	50.0			50.0	12	91.7				17	35.3	35.3	11.8	17.6
WASHINGTON, D.C.	29	20.7		6.9	69.0	31	77.4	3.2	12.9	6.5	49	24.5	36.7	20.4	18.4

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 9

HOW MEMBERS ACQUIRE USE OF COMPUTERS FOR TAX AND NON-TAX
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	I					II					III				
	RESPONSES	FOR TAX (% OF RESPONSE)					FOR NON-TAX (% OF RESPONSE)					BILLING (% OF RESPONSE)			
	#	OWN	LEASE	S/B W INP	S/B W/O INP	RESP. #	OWN	LEASE	S/B W INP	S/B W/O INP	RESP. #	IN OVHD	IN FEE	BY USAGE	N/R
ALL RESPONDENTS	1714	39.3	1.3	3.3	55.4	2182	81.3	5.0	2.6	9.6	3060	23.2	39.5	17.7	19.6
TYPE FIRM															
PROPRIETOR NO EMPS.	358	31.6	1.7	1.7	64.2	419	72.3	6.0	1.4	18.9	807	20.3	33.8	12.6	33.2
PROPRIETOR WITH EMPS.	662	43.1	1.2	2.3	53.0	905	83.1	4.2	2.8	8.3	1244	24.8	39.3	17.1	19.1
TWO PARTNERS	42	31.0	2.4	7.1	57.1	53	83.0	5.7	7.5	3.8	62	29.0	32.3	29.0	9.7
OVER TWO PARTNERS	34	55.9		2.9	41.2	40	80.0	5.0	5.0	10.0	46	21.7	39.1	32.6	6.5
PROFESSIONAL CORP.	499	40.9	1.4	5.2	52.7	617	83.5	5.8	2.8	7.1	719	23.5	47.0	20.4	9.0
SIZE OF FIRM															
EXCLUDING PRINCIPALS															
ONE FULL-TIME EMP.	408	37.0	1.5	2.0	59.8	535	79.3	5.8	3.2	9.9	804	24.1	38.4	13.7	24.0
TWO FULL-TIME EMPS.	319	41.1	.6	5.3	52.7	432	84.3	3.5	3.0	8.3	533	26.3	43.7	17.8	12.4
THREE FULL-TIME EMPS.	180	47.8	1.1	3.3	47.2	243	87.2	3.7	2.9	5.3	281	26.3	42.3	24.2	7.5
FOUR OR MORE FULL-TIME	356	46.9	2.0	5.6	44.7	438	88.1	5.9	2.3	2.7	476	20.6	45.0	29.2	5.3
GROSS INCOME															
UNDER $20,000	41	41.5			58.5	61	86.9	1.6		11.5	171	19.3	24.0	7.0	49.7
$20,000 TO 29,999	82	41.5	2.4		57.3	112	69.6	8.9	2.7	15.2	210	16.7	36.2	12.4	34.8
$30,000 TO 39,999	106	30.2	2.8	1.9	64.2	130	74.6	4.6	1.5	17.7	241	17.4	39.4	11.2	32.0
$40,000 TO 49,999	123	38.2	1.6	1.6	57.7	163	77.9	8.6	1.2	10.4	266	26.3	32.7	12.8	28.2
$50,000 TO 59,999	119	37.0		2.5	60.5	157	75.8	7.0	2.5	14.0	258	21.3	43.8	10.9	24.0
$60,000 TO 74,999	183	41.5	1.6	2.7	53.0	231	84.4	3.5	2.6	9.1	325	27.7	34.8	15.7	21.8
$75,000 TO 99,999	247	42.1	.8	4.0	53.8	347	79.8	4.6	3.7	9.5	456	25.2	43.0	17.5	14.7
$100,000 TO 199,999	486	41.8	1.4	2.9	53.5	603	82.6	4.3	3.0	8.8	723	24.8	43.6	22.5	9.4
$200,000 OR 499,999	265	38.9	.8	5.7	53.6	312	88.5	3.8	2.6	4.8	342	21.9	42.4	30.1	5.6
$500,000 OR MORE	59	25.4	3.4	10.2	61.0	68	83.8	8.8	1.5	2.9	71	25.4	40.8	29.6	4.2
PRIMARY SOURCE OF INCOME															
TAX SERVICES	564	43.4	1.1	3.4	51.2	634	82.0	3.9	1.7	10.7	1011	23.7	35.2	18.5	22.7
ACCOUNTING & WRITE-UP	1004	38.0	1.7	3.2	57.1	1355	81.3	5.5	2.9	9.0	1749	22.3	43.7	18.1	16.0
OTHER (INCL. AUDITING)	63	30.2		4.8	65.1	80	80.0	8.8		10.0	120	29.2	30.0	14.2	26.7
YEARS IN PRACTICE															
1 TO 4 YEARS	141	31.2	.7	.7	66.7	215	80.0	6.5		12.6	280	25.7	45.4	12.5	16.4
5 TO 9 YEARS	296	38.5	1.4	3.4	57.1	396	80.3	7.3	2.5	8.8	510	24.3	41.8	18.0	15.9
10 TO 14 YEARS	288	40.3	2.4	3.5	54.5	373	83.9	6.2	1.6	7.2	492	24.4	42.9	18.9	14.0
15 TO 19 YEARS	209	44.0		6.2	49.3	240	85.8	2.9	3.3	6.7	342	21.1	37.7	21.3	19.9
20 TO 24 YEARS	179	49.7	1.7	2.8	44.7	231	86.6	2.6	2.6	6.9	323	22.9	35.0	20.7	21.4
25 TO 29 YEARS	134	41.8	.7	1.5	53.7	170	77.6	5.9	3.5	11.2	253	24.5	34.8	18.2	22.9
30 TO 44 YEARS	226	28.3	.9	3.5	66.8	255	75.7	2.7	5.1	13.7	429	17.9	39.9	15.4	27.3
OVER 44 YEARS	6	50.0			50.0	7	71.4		14.3	14.3	17	23.5	11.8	11.8	52.9

CHAPTER X

Main Office Facility

(See Table on pages 34 and 35)

Respondents to this survey either: a) own their own office building (individually or with others); b) rent office space at a specified rent per month; or c) have an office in their home. There are no significant changes in this regard since the 1981 survey.

In 1984, 21% of the respondents had an office in their home, 26% owned their own building, while 51% rented office space. (Two percent did not answer the question.) This compares with 1981 figures of 22% having an office in their home, 26% owning their own building and 52% renting office space. A change in the average rent per month was to be expected. In 1981, the average rent per month was $385. By 1984 this increased 55% to $597.

Practices located in New England and the Mid-Atlantic states are more likely to have an office in the home. Practices in the Southeast states are more likely to own their own building. Finally, practices in the Northwest and Far West are more likely to rent space than the national average. Average rents per month range from a low of $449 in the Southeast to $784 in the Far West.

No significant differences in type of main office facilities exist by population size or metropolitan area. The difference is in the average rent per month paid which varies from a low of $418 per month for an office located in a city under 25,000 population, to a high of $867 per month in an area with a population of one million or more. Phoenix has the highest monthly rent at $908; Atlanta the lowest at $413. Washington, D.C. and San Francisco also are high rent locations.

Sole proprietors with no employees are the most likely group to have an office in their home. In fact, 46% of them do (better than twice the national average). Thirty-nine percent of sole practitioners rent offices, and 12% own their own building. This compares with a partnership with more than two partners where none reported home offices, 33% own their own building and 65% rent office space. The partnership with more than two partners also pays the highest rent—an average of $1,151.

Looking at the responses by size of firm excluding principals, the firm with one full-time employee closely resembles the national averages. In firms with four or more full-time employees, less than 3% have home offices; almost 50% own their building and almost 50% rent office space.

The higher the gross income of the practice, the less likely it is to use a home office and the more likely it is to own its own office building.

Finally, newcomers to practice, as one might expect, are more likely to have an office in their home or rent office space, than they are to own their building.

To summarize, average rents per month for practitioners renting space have significantly increased over the last three years—55%, from $385 to $597. The percent of respondents renting space has not changed significantly over those three years—51% in 1984, 52% in 1981. Twenty-six percent of the respondents own their building, while 21% have an office in their home. The smaller the firm, the lower the gross income and the less time in public practice, all point to having an office in the home or renting space, rather than owning a building.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 10

TYPE OF MAIN OFFICE FACILITY
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	TYPE OF MAIN OFFICE FACILITIES (AS % OF RESPONSES)				
	#	HOME OFFICE	OWN BUILDING	RENT SPACE	AVG RENT PER MO.	N/R
ALL RESPONDENTS	3063	21.2	25.8	50.8	597	2.1
GEOGRAPHIC REGION						
NEW ENGLAND	201	33.8	21.9	42.8	642	1.5
MIDDLE ATLANTIC	648	30.7	25.0	42.0	603	2.3
SOUTHEAST	535	16.1	36.1	46.5	449	1.3
CENTRAL	671	18.6	27.7	51.6	546	2.1
NORTHWEST	202	17.8	23.3	57.4	526	1.5
SOUTHWEST	262	16.0	25.6	55.0	553	3.4
FARWEST	541	17.2	17.0	63.2	784	2.6
POPULATION SIZE						
UNDER 25,000	806	23.1	33.6	41.9	418	1.4
25,000 TO 49,999	458	22.1	26.6	48.9	508	2.4
50,000 TO 99,999	480	18.3	26.5	53.1	599	2.1
100,000 TO 499,999	597	16.9	25.3	55.3	616	2.5
500,000 TO 999,999	279	20.8	19.7	57.7	631	1.8
1,000,000 OR MORE	439	26.0	14.8	56.3	867	3.0
METROPOLITAN AREA						
ATLANTA	17	35.3	17.6	47.1	413	
CHICAGO	98	27.6	15.3	53.1	672	4.1
CLEVELAND	39	28.2	23.1	46.2	655	2.6
DALLAS - FORT WORTH	39	15.4	33.3	46.2	469	5.1
DENVER	15	20.0	20.0	53.3	467	6.7
DETROIT	74	12.2	33.8	51.4	651	2.7
LOS ANGELES	25	12.0	8.0	80.0	686	
MIAMI	6	33.3		66.7	592	
MINNEAPOLIS-ST PAUL	25	24.0	20.0	52.0	440	4.0
NEW YORK CITY	176	40.9	13.6	43.2	747	2.3
PHILADELPHIA	46	32.6	23.9	37.0	414	6.5
PHOENIX	6	33.3	33.3	33.3	908	
SAN FRANCISCO	23	34.8	8.7	52.2	798	4.3
SEATTLE	17	11.8	17.6	64.7	443	5.9
WASHINGTON, D.C.	49	28.6	16.3	53.1	800	2.0

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 10

TYPE OF MAIN OFFICE FACILITY
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	TYPE OF MAIN OFFICE FACILITIES (AS % OF RESPONSES)				
	#	HOME OFFICE	OWN BUILDING	RENT SPACE	AVG RENT PER MO.	N/R
ALL RESPONDENTS	3063	21.2	25.8	50.8	597	2.1
TYPE FIRM						
PROPRIETOR NO EMPS.	807	46.3	12.0	39.3	289	2.4
PROPRIETOR WITH EMPS.	1244	14.8	31.3	52.0	506	1.9
TWO PARTNERS	62	3.2	41.9	54.8	937	
OVER TWO PARTNERS	46		32.6	65.2	1,151	2.2
PROFESSIONAL CORP.	719	10.4	29.1	58.0	831	2.5
SIZE OF FIRM						
EXCLUDING PRINCIPALS						
ONE FULL-TIME EMP.	804	20.5	20.6	55.8	429	3.0
TWO FULL-TIME EMPS.	533	8.8	31.9	57.8	544	1.5
THREE FULL-TIME EMPS.	281	3.2	42.0	54.1	729	.7
FOUR OR MORE FULL-TIME	476	2.3	46.4	49.6	1,385	1.7
GROSS INCOME						
UNDER $20,000	171	52.6	12.3	31.6	209	3.5
$20,000 TO 29,999	210	44.8	12.9	39.0	237	3.3
$30,000 TO 39,999	241	41.5	13.7	41.5	259	3.3
$40,000 TO 49,999	266	30.8	15.8	50.4	314	3.0
$50,000 TO 59,999	258	27.1	15.1	55.4	326	2.3
$60,000 TO 74,999	325	24.9	20.6	53.2	403	1.2
$75,000 TO 99,999	456	15.6	27.2	55.5	463	1.8
$100,000 TO 199,999	723	7.3	34.0	57.3	685	1.4
$200,000 OR 499,999	342	2.3	48.2	47.4	1,242	2.0
$500,000 OR MORE	71	1.4	38.0	59.2	2,682	1.4
PRIMARY SOURCE OF INCOME						
TAX SERVICES	1011	21.2	27.0	49.7	550	2.2
ACCOUNTING & WRITE-UP	1749	21.3	25.3	51.6	597	1.8
OTHER (INCL. AUDITING)	120	25.0	18.3	55.8	1,086	.8
YEARS IN PRACTICE						
1 TO 4 YEARS	280	26.4	7.5	62.9	446	3.2
5 TO 9 YEARS	510	19.8	20.6	58.4	578	1.2
10 TO 14 YEARS	492	18.1	27.8	51.2	584	2.8
15 TO 19 YEARS	342	19.6	31.3	48.5	664	.6
20 TO 24 YEARS	323	21.4	31.0	46.1	584	1.5
25 TO 29 YEARS	253	20.9	34.8	41.9	734	2.4
30 TO 44 YEARS	429	23.1	29.4	44.1	680	3.5
OVER 44 YEARS	17	17.6	35.3	47.1	251	

CHAPTER XI

Educational Achievement and Gender

(See Table on pages 37 and 38)

Respondents were asked to indicate the highest level of schooling completed: a) high school; b) correspondence school; c) business school; d) two-year community college; e) four-year college/university; or f) post graduate. Gender of the respondents was also requested.

Sixty-eight percent of the respondents have a minimum of a four-year college education. This is a positive growth trend from 1981 when 63% had four or more years of college education. Twelve percent of the respondents graduated from a two-year community college, 11.3% from a business school, 2.8% completed a correspondence school program, and 4.6% graduated from high school.

A four-year college education or more was achieved by 79% of the Mid-Atlantic respondents, whereas respondents from the Northwest completed four years or more schooling in 58.9% of the cases. Examining the data by population size, there is an increase in educational achievement as the city size grows. For practices in cities with a population under 25,000, 59.5% of the respondents reported four or more years of college, compared to 82.3% in areas with a population of one million or more. Practitioners in larger metropolitan areas tend to have at least four years of college. It ranges from 93.8% in New York City to 47.1% in Seattle.

Partnerships with more than two partners show the highest educational attainments, with 78.3% having four years of college or more. This is closely followed by 74.2% for partnerships with two partners. No significant change from the national average is shown by the size of the firm.

Gross income increases with educational accomplishment. As an example, for firms with a gross income under $20,000, the percent of respondents having four or more years of college was 50.9%. For firms with a gross income of $500,000 or more, the percentage increased to 84.5%.

Eighty-one percent of all respondents indicated they are male; 11.5% said female; and 7.5% gave no response. In the 1981 survey, 90% of the respondents were male and 10% female. Thus, in 1984, even with a 7.5% non-response rate, the number of females is increasing in the public accounting profession.

Females are more strongly represented in the Northwest, Southwest and Far West, where they exceed the national average by almost 50%. It is interesting to note that female practitioners also are more frequently located in small towns throughout the United States than in large cities. They are strongly represented in sole proprietorships (19.1%). The smaller the practice in number of employees or gross income, the more likely the respondent is female. Finally, females are more evident in practices that are relatively new. Twenty-two percent of all respondents in practice one to four years are female, and 16% are female in practices existing from four to nine years. However, after 44 years in practice the number of females suddenly increases, probably indicating a take-over of the family practice by a widow.

In summary, the educational level of professionals in the practice of public accountancy is rising, as are the number and percentage of females.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 11

EDUCATIONAL BACKGROUND AND GENDER WITH COMPARISONS
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	I EDUCATION (AS % OF RESPONSE)							II GENDER (AS % OF RESPONSE)			
	#	HIGH SCH.	CORR. SCH.	BUS. SCH.	2 YR. C.C.	4 YR. COLL.	POST GRAD.	N/R	#	MALE	FEMALE	N/R
ALL RESPONDENTS	3063	4.6	2.8	11.3	12.4	47.4	20.2	1.3	3063	81.0	11.5	7.5
GEOGRAPHIC REGION												
NEW ENGLAND	201	2.0	1.0	13.4	14.4	44.8	20.9	3.5	201	89.1	3.5	7.5
MIDDLE ATLANTIC	648	2.8	1.2	8.5	7.1	55.7	23.3	1.4	648	87.5	6.6	5.9
SOUTHEAST	535	4.5	3.9	11.8	13.8	46.2	18.7	1.1	535	78.3	11.6	10.1
CENTRAL	671	6.0	3.4	15.8	12.2	47.4	14.3	.9	671	79.9	11.8	8.3
NORTHWEST	202	5.4	6.4	15.8	13.4	46.5	12.4		202	77.7	16.8	5.4
SOUTHWEST	262	7.3	4.2	10.3	14.9	38.2	24.0	1.1	262	75.6	16.8	7.6
FARWEST	541	4.6	1.5	6.5	15.2	44.9	25.9	1.5	541	78.4	15.0	6.7
POPULATION SIZE												
UNDER 25,000	806	6.5	4.5	15.0	13.6	43.5	16.0	.9	806	79.0	15.3	6.7
25,000 TO 49,999	458	4.6	2.4	14.0	11.1	48.9	17.7	1.3	458	81.7	12.0	6.3
50,000 TO 99,999	480	4.0	2.9	9.6	13.3	48.3	20.6	1.3	480	80.2	11.7	8.1
100,000 TO 499,999	597	5.0	2.5	11.4	13.6	47.9	17.9	1.7	597	81.6	10.6	7.9
500,000 TO 999,999	279	3.6	1.4	9.3	12.9	49.8	21.1	1.8	279	83.9	9.3	6.8
1,000,000 OR MORE	439	2.1	1.4	5.0	8.2	49.7	32.6	1.1	439	84.1	6.4	9.6
METROPOLITAN AREA												
ATLANTA	17			41.2		29.4	29.4		17	64.7	11.8	23.5
CHICAGO	98	3.1	1.0	6.1	11.2	46.9	29.6	2.0	98	82.7	10.2	7.1
CLEVELAND	39	5.1	5.1	7.7	7.7	59.0	12.8	2.6	39	79.5	12.8	7.7
DALLAS - FORT WORTH	39	2.6	5.1	5.1	17.9	33.3	33.3	2.6	39	69.2	20.5	10.3
DENVER	15	6.7	6.7	13.3	13.3	46.7	13.3		15	66.7	26.7	6.7
DETROIT	74	5.4		12.2	14.9	55.4	12.2		74	82.4	4.1	13.5
LOS ANGELES	25			4.0	8.0	60.0	28.0		25	92.0	4.0	4.0
MIAMI	6			16.7		50.0	33.3		6	66.7	16.7	16.7
MINNEAPOLIS-ST PAUL	25		12.0	24.0	16.0	36.0	12.0		25	100.0		
NEW YORK CITY	176	.6	1.7	.6	2.8	60.8	33.0	.6	176	89.8	3.4	6.8
PHILADELPHIA	46	2.2		15.2	8.7	52.2	21.7		46	91.3	6.5	2.2
PHOENIX	6			16.7	33.3	33.3	16.7		6	83.3	16.7	
SAN FRANCISCO	23	4.3			13.0	52.2	30.4		23	87.0	4.3	8.7
SEATTLE	17	5.9		17.6	17.6	35.3	11.8	11.8	17	64.7	17.6	17.6
WASHINGTON, D.C.	49	2.0	2.0	4.1	10.2	51.0	26.5	4.1	49	79.6	14.3	6.1

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 11

EDUCATIONAL BACKGROUND AND GENDER WITH COMPARISONS
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	I EDUCATION (AS % OF RESPONSE)							II GENDER (AS % OF RESPONSE)			
	#	HIGH SCH.	CORR. SCH.	BUS. SCH.	2 YR. C.C.	4 YR. COLL.	POST GRAD.	N/R	#	MALE	FEMALE	N/R
ALL RESPONDENTS	3063	4.6	2.8	11.3	12.4	47.4	20.2	1.3	3063	81.0	11.5	7.5
TYPE FIRM												
PROPRIETOR NO EMPS.	807	5.2	2.9	11.3	12.9	47.0	20.1	.7	807	72.9	19.1	8.1
PROPRIETOR WITH EMPS.	1244	4.8	2.9	12.6	12.9	46.6	18.3	1.8	1244	83.5	8.9	7.6
TWO PARTNERS	62	3.2	3.2	12.9	6.5	58.1	16.1		62	93.5	1.6	4.8
OVER TWO PARTNERS	46	2.2		6.5	10.9	52.2	26.1	2.2	46	89.1	6.5	4.3
PROFESSIONAL CORP.	719	3.9	3.3	9.0	12.9	46.9	22.8	1.1	719	83.9	9.3	6.8
SIZE OF FIRM												
EXCLUDING PRINCIPALS												
ONE FULL-TIME EMP.	804	4.1	3.1	11.3	12.3	46.5	20.8	1.9	804	80.5	10.2	9.3
TWO FULL-TIME EMPS.	533	4.3	2.4	14.1	13.3	47.1	17.3	1.5	533	85.2	8.8	6.0
THREE FULL-TIME EMPS.	281	5.0	2.8	12.1	12.8	42.3	24.2	.7	281	87.9	7.8	4.3
FOUR OR MORE FULL-TIME	476	5.0	2.9	9.0	8.8	53.8	18.7	1.7	476	88.7	4.6	6.7
GROSS INCOME												
UNDER $20,000	171	9.9	5.3	12.3	19.3	35.1	15.8	2.3	171	57.3	33.3	9.4
$20,000 TO 29,999	210	4.3	3.3	13.8	16.7	46.7	14.3	1.0	210	66.2	25.2	8.6
$30,000 TO 39,999	241	7.9	2.1	9.1	14.1	43.2	23.2	.4	241	76.3	17.0	6.6
$40,000 TO 49,999	266	3.0	2.6	10.5	12.8	49.2	20.7	1.1	266	72.6	19.5	7.9
$50,000 TO 59,999	258	4.7	2.7	12.8	11.6	50.0	17.4	.8	258	79.5	10.9	9.7
$60,000 TO 74,999	325	3.7	2.8	12.0	14.2	47.1	19.1	1.2	325	82.2	9.2	8.6
$75,000 TO 99,999	456	4.2	2.0	13.6	12.1	45.0	21.7	1.5	456	85.5	8.6	5.9
$100,000 TO 199,999	723	3.9	3.3	11.5	11.2	46.5	22.3	1.4	723	86.6	5.4	8.0
$200,000 OR 499,999	342	5.0	2.0	7.3	8.2	57.3	18.7	1.5	342	91.2	3.2	5.6
$500,000 OR MORE	71		2.8	7.0	4.2	57.7	26.8	1.4	71	95.8	1.4	2.8
PRIMARY SOURCE OF INCOME												
TAX SERVICES	1011	5.2	3.9	10.9	12.7	43.4	22.5	1.5	1011	77.8	14.9	7.2
ACCOUNTING & WRITE-UP	1749	4.5	2.5	11.3	12.5	50.3	18.0	1.0	1749	83.1	9.3	7.6
OTHER (INCL. AUDITING)	120	4.2		13.3	10.8	43.3	28.3		120	87.5	7.5	5.0
YEARS IN PRACTICE												
1 TO 4 YEARS	280	3.9	1.8	6.4	12.9	51.4	22.9	.7	280	73.6	22.1	4.3
5 TO 9 YEARS	510	5.1	2.4	7.6	13.1	47.8	23.3	.6	510	80.0	15.7	4.3
10 TO 14 YEARS	492	6.1	1.6	9.6	14.0	46.5	21.1	1.0	492	82.5	11.0	6.5
15 TO 19 YEARS	342	5.0	2.6	12.0	11.1	47.4	20.8	1.2	342	83.9	9.9	6.1
20 TO 24 YEARS	323	5.0	5.0	16.4	12.1	45.8	15.5	.3	323	83.9	9.0	7.1
25 TO 29 YEARS	253	4.3	2.4	16.2	13.0	43.5	19.8	.8	253	87.0	6.3	6.7
30 TO 44 YEARS	429	1.6	2.8	14.2	12.6	48.5	17.2	3.0	429	83.7	5.1	11.2
OVER 44 YEARS	17	5.9		35.3	5.9	41.2	11.8		17	88.2	11.8	

CHAPTER XII

Age and Selected Professional Qualifications

(See Table on pages 40 and 41)

The ages of the respondents are well distributed across most age levels. Although only 2.2% of the respondents are under 30 years of age, 18.1% are 30 to 40 years of age, 27.2% are 40 to 50 years of age, 29.6% are 50 to 60 years of age, 19.1% are 60 to 70 years of age, and 2.7% are over 70.

Most geographic areas followed the general national average except for the Far West where 30.1% of the respondents are 60 years or older, and New England where only 11.9% are under 40. No significant age variation can be determined by the size of city in which the practice is located.

No significant differences were evident by type of firm, size of firm by number of employees, or primary source of income. As would be expected, the lower the gross income of the practice, the more likely the individual is to be younger. That fact also relates to years in practice, where individuals in practice less than four years tend to be 40 years or younger.

Additional characteristics examined in this survey include the percentage of respondents who are: a) certified, licensed or registered; b) enrolled to practice before the IRS; c) accredited in accountancy or taxation by the Accreditation Council for Accountancy, or accredited in both taxation and accountancy.

In the 1984 survey, 45.8% of the respondents are certified, licensed or registered accountants. This is less than in 1981, when 57% of the respondents were certified, licensed or registered. The highest percentage of state regulated individuals is in New England with 73.6%; the lowest is in the Southwest with 21.4%. Gross income criteria indicate that the larger the gross income of the firm, the more likely the respondent is certified, licensed or registered. Likewise, the longer in practice, the more likely the respondent is certified, licensed or registered.

Fifty-seven percent of the respondents are enrolled to practice before the IRS. This compares with 56% reported enrolled in the 1981 survey. IRS enrollment was most prevalent in partnerships with two or more partners. The larger the number of full-time employees, the more likely the IRS enrollment of the principal. Also, the larger the gross income of the firm, the more likely IRS enrollment. In fact, in practices with a gross income of $500,000 or more, 73% of the respondents are enrolled to practice before the IRS.

Eleven percent of the respondents are accredited in accountancy by the Accreditation Council for Accountancy. Thirteen percent are accredited in taxation by the Accreditation Council for Accountancy. Fifteen percent are accredited in both. Thus, of all respondents, 39% are accredited in accountancy, taxation or both.

To summarize, respondents to this survey represent all age groups, with the younger age groups showing lower incomes. Licensing, IRS enrollment and accreditation are becoming more important to all.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 12

AGE AND SELECTED PROFESSIONAL QUALIFICATIONS WITH COMPARISONS
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	I MEMBER AGE (AS % OF RESPONSE)						II QUALIFICATIONS				
	#	UNDER 30	30 TO 40	40 TO 50	50 TO 60	60 TO 70	OVER 70	CPA/ LICENSED	IRS ENR.	ACCREDITATION ACCTNG	TAX	BOTH
ALL RESPONDENTS	3063	2.2	18.1	27.2	29.6	19.1	2.7	45.8	57.4	10.6	12.8	15.0
GEOGRAPHIC REGION												
NEW ENGLAND	201	.5	11.4	26.9	33.8	22.4	2.5	73.6	63.7	15.4	4.5	15.4
MIDDLE ATLANTIC	648	1.5	20.7	28.2	26.9	19.4	2.2	70.1	51.7	9.6	8.8	13.3
SOUTHEAST	535	1.9	17.9	26.7	35.0	15.3	2.2	30.5	58.7	12.9	14.2	18.9
CENTRAL	671	3.0	18.5	29.4	29.1	16.5	2.8	41.3	59.0	13.0	12.2	18.6
NORTHWEST	202	2.5	24.3	26.7	27.2	17.3	1.5	35.6	54.5	9.4	15.8	10.9
SOUTHWEST	262	1.9	19.1	26.7	31.3	17.6	2.3	21.4	56.5	7.6	16.4	15.6
FARWEST	541	3.0	14.4	24.6	27.0	25.7	4.4	43.1	60.3	6.8	16.8	9.8
POPULATION SIZE												
UNDER 25,000	806	2.2	18.9	27.9	29.3	19.2	1.9	49.3	54.5	10.3	13.0	13.4
25,000 TO 49,999	458	1.7	19.7	31.7	27.7	14.8	3.1	46.9	54.6	10.7	13.3	15.1
50,000 TO 99,999	480	1.9	20.6	27.7	29.0	16.7	2.5	47.9	62.3	9.4	13.1	16.3
100,000 TO 499,999	597	1.8	14.7	26.1	31.7	21.1	3.5	41.7	60.1	12.9	12.7	17.4
500,000 TO 999,999	279	3.2	15.1	25.8	33.3	19.7	2.2	44.1	50.9	10.8	11.8	12.9
1,000,000 OR MORE	439	2.7	18.7	23.2	28.0	23.0	3.4	42.8	61.3	9.3	12.1	14.4
METROPOLITAN AREA												
ATLANTA	17		5.9	23.5	47.1	23.5		11.8	64.7	17.6	11.8	11.8
CHICAGO	98	2.0	20.4	29.6	30.6	10.2	7.1	17.3	71.4	14.3	14.3	22.4
CLEVELAND	39	2.6	12.8	25.6	28.2	25.6	2.6	79.5	51.3	10.3	12.8	10.3
DALLAS - FORT WORTH	39	2.6	28.2	17.9	30.8	17.9		15.4	64.1	10.3	25.6	25.6
DENVER	15	6.7	20.0	20.0	53.3			6.7	60.0	13.3	26.7	13.3
DETROIT	74	4.1	14.9	27.0	33.8	16.2	4.1	10.8	64.9	10.8	17.6	24.3
LOS ANGELES	25		8.0	20.0	28.0	28.0	16.0	68.0	52.0	8.0	12.0	
MIAMI	6		16.7		66.7	16.7		33.3	50.0			66.7
MINNEAPOLIS-ST PAUL	25		16.0	36.0	28.0	16.0		84.0	48.0	16.0	4.0	32.0
NEW YORK CITY	176	2.3	17.0	23.3	32.4	23.9	1.1	59.1	52.8	8.5	8.0	12.5
PHILADELPHIA	46		21.7	32.6	19.6	23.9	2.2	91.3	50.0	6.5	4.3	19.6
PHOENIX	6		33.3		66.7			33.3	100.0		50.0	
SAN FRANCISCO	23			26.1	34.8	39.1		65.2	43.5	13.0	8.7	13.0
SEATTLE	17		23.5	41.2	11.8	11.8		11.8	58.8		23.5	5.9
WASHINGTON, D.C.	49	8.2	14.3	26.5	22.4	22.4	4.1	42.9	49.0	4.1	20.4	24.5

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 12

AGE AND SELECTED PROFESSIONAL QUALIFICATIONS WITH COMPARISONS BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	I MEMBER AGE (AS % OF RESPONSE)						II QUALIFICATIONS				
		UNDER	30 TO	40 TO	50 TO	60 TO	OVER	CPA/	IRS	ACCREDITATION		
	#	30	40	50	60	70	70	LICENSED	ENR.	ACCTNG	TAX	BOTH
ALL RESPONDENTS	3063	2.2	18.1	27.2	29.6	19.1	2.7	45.8	57.4	10.6	12.8	15.0
TYPE FIRM												
PROPRIETOR NO EMPS.	807	4.0	18.1	25.4	28.0	20.9	3.2	47.7	47.6	9.0	12.0	10.5
PROPRIETOR WITH EMPS.	1244	1.2	15.8	29.2	32.2	18.2	2.3	46.6	58.8	10.9	13.7	15.4
TWO PARTNERS	62	3.2	17.7	45.2	11.3	19.4	3.2	58.1	74.2	14.5	11.3	14.5
OVER TWO PARTNERS	46		23.9	23.9	37.0	13.0	2.2	58.7	67.4	10.9	6.5	13.0
PROFESSIONAL CORP.	719	1.5	21.4	26.7	27.7	19.2	3.2	37.0	63.1	10.4	13.6	18.8
SIZE OF FIRM EXCLUDING PRINCIPALS												
ONE FULL-TIME EMP.	804	1.7	15.7	27.5	31.5	18.8	3.2	43.4	57.1	10.9	13.4	13.3
TWO FULL-TIME EMPS.	533	.9	18.8	29.1	27.2	20.6	2.3	44.5	61.4	12.8	14.1	16.7
THREE FULL-TIME EMPS.	281	1.1	17.1	24.9	37.0	17.4	2.1	46.6	67.6	10.0	13.9	19.2
FOUR OR MORE FULL-TIME	476	1.3	18.9	32.1	28.4	16.0	2.1	52.1	65.5	10.3	10.1	22.1
GROSS INCOME												
UNDER $20,000	171	4.1	24.6	22.2	20.5	19.9	6.4	42.7	37.4	8.8	9.9	10.5
$20,000 TO 29,999	210	4.8	16.7	24.3	27.6	22.9	3.8	41.0	45.7	6.7	12.9	10.5
$30,000 TO 39,999	241	4.6	20.7	18.3	31.5	20.7	4.1	42.3	41.1	12.0	13.7	12.0
$40,000 TO 49,999	266	2.3	20.7	28.9	26.3	18.0	2.3	43.2	53.8	9.4	15.0	9.4
$50,000 TO 59,999	258	3.1	17.8	22.9	32.2	19.8	3.1	45.0	47.3	11.6	11.6	11.2
$60,000 TO 74,999	325	1.8	15.7	27.7	33.8	17.5	2.8	46.8	57.5	12.6	12.6	14.2
$75,000 TO 99,999	456	1.3	17.3	30.3	25.7	21.1	3.5	41.9	59.2	11.6	14.3	15.4
$100,000 TO 199,999	723	1.5	15.8	29.6	31.3	19.4	1.0	46.9	66.5	10.8	13.7	18.8
$200,000 OR 499,999	342	.6	19.6	30.4	33.9	12.9	1.8	53.8	71.6	9.4	9.6	19.3
$500,000 OR MORE	71		21.1	29.6	22.5	23.9	2.8	64.8	73.2	12.7	8.5	25.4
PRIMARY SOURCE OF INCOME												
TAX SERVICES	1011	2.0	19.4	26.0	29.9	18.9	2.6	40.9	61.9	8.6	18.6	13.9
ACCOUNTING & WRITE-UP	1749	2.1	18.0	28.0	29.8	18.7	2.6	47.5	55.9	11.8	10.0	16.0
OTHER (INCL. AUDITING)	120	3.3	22.5	25.0	27.5	19.2	2.5	64.2	52.5	10.8	9.2	10.0
YEARS IN PRACTICE												
1 TO 4 YEARS	280	12.1	43.2	22.5	16.8	3.9	.4	34.6	45.7	6.1	12.1	7.1
5 TO 9 YEARS	510	2.9	40.4	34.3	15.9	5.5	.6	31.4	54.3	5.3	18.6	8.8
10 TO 14 YEARS	492	.2	26.4	40.4	26.0	5.9	.2	37.4	61.6	7.3	16.7	12.8
15 TO 19 YEARS	342	.3	11.1	41.5	33.9	11.7	1.2	45.0	60.5	11.7	12.6	17.3
20 TO 24 YEARS	323	.6	1.2	33.7	45.8	17.0	.9	48.6	59.1	15.2	10.8	15.5
25 TO 29 YEARS	253		.8	13.8	52.2	30.0	3.2	60.5	62.6	15.0	8.3	23.3
30 TO 44 YEARS	429	.2		.7	30.8	59.4	6.5	68.5	59.9	15.6	6.8	18.6
OVER 44 YEARS	17					23.5	76.5	76.5	58.8	11.8		29.4

CHAPTER XIII

Promotion of Practice and Services

(See Table on pages 43 and 44)

The respondents were asked to list how they promote their practice and services. The choices included: a) yellow page listing only; b) advertising (other than yellow pages); c) direct mail solicitation; d) client referrals; e) firm brochures; f) client newsletters; and g) public speaking.

The single most important source for promoting a practice and services is client referrals (74.9%). Second in importance is the yellow pages (44.3%). Third in importance is public speaking (18.4%); fourth are client newsletters (16.5%); fifth is advertising (other than yellow pages) (15.9%). Remaining are direct mail (10%) and firm brochures (8.1%).

No differences of significance from the national average can be seen when examining the responses by geographic region or population size. It would appear that larger partnerships and professional corporations tend to do more public speaking than their counterparts, develop client newsletters, have a firm brochure, make direct mailings and utilize the yellow pages. Examining the responses by size of firm (excluding principals), the larger the firm, the more likely it will have its principals do public speaking, create a newsletter, have a firm brochure and use the yellow pages.

The gross income test indicates that the larger the gross income, the more likely the public accounting firm will do public speaking, create a client newsletter and have a firm brochure, but rely less on client referrals and direct mail. The greater the usage of all types of promotion, the higher the gross income.

In summary, methods of attracting new clients and expanding existing services include a number of resources. The most popular is client referrals, but yellow pages are still an important factor. The larger the firm, the more likely public speaking, client newsletters, or firm brochures are used to attract new accounts.

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY
TABLE 13

METHODS OF PROMOTING MEMBER PRACTICES/SERVICES IN 1984
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	PROSPECTING METHODS						
	#	YELLOW PAGES	OTHER ADV.	DIRECT MAIL	CLIENT REF.	FIRM BRCHR	CLIENT NEWSLTR	PUBLIC SPEAKING
ALL RESPONDENTS	3063	44.3	15.9	10.0	74.9	8.1	16.5	18.4
GEOGRAPHIC REGION								
NEW ENGLAND	201	38.8	12.4	6.5	72.1	5.5	13.9	13.4
MIDDLE ATLANTIC	648	36.7	13.3	7.6	75.0	8.6	13.3	15.7
SOUTHEAST	535	49.9	16.3	12.9	80.0	8.8	17.2	20.0
CENTRAL	671	47.1	18.2	9.8	76.5	8.9	19.7	22.4
NORTHWEST	202	53.5	17.3	9.9	74.8	9.4	17.8	21.3
SOUTHWEST	262	46.2	16.8	11.5	73.7	6.9	13.4	15.6
FARWEST	541	42.3	16.3	10.7	69.5	6.7	17.9	17.0
POPULATION SIZE								
UNDER 25,000	806	46.2	18.6	8.1	74.3	7.4	16.0	18.1
25,000 TO 49,999	458	47.6	16.2	9.0	76.0	8.1	15.9	17.7
50,000 TO 99,999	480	51.7	17.9	12.9	75.6	7.9	18.1	20.8
100,000 TO 499,999	597	43.9	14.9	9.7	75.2	7.4	16.4	19.1
500,000 TO 999,999	279	41.9	11.5	11.8	72.0	13.3	17.2	20.8
1,000,000 OR MORE	439	31.9	12.8	10.5	75.4	6.8	16.2	14.6
METROPOLITAN AREA								
ATLANTA	17	35.3	5.9	5.9	70.6	17.6	29.4	23.5
CHICAGO	98	44.9	21.4	16.3	79.6	6.1	19.4	19.4
CLEVELAND	39	41.0	20.5	7.7	82.1	10.3	23.1	23.1
DALLAS - FORT WORTH	39	43.6	10.3	10.3	76.9	10.3	17.9	15.4
DENVER	15	46.7	6.7	13.3	66.7	13.3	26.7	13.3
DETROIT	74	36.5	14.9	13.5	70.3	10.8	17.6	18.9
LOS ANGELES	25	20.0	16.0	8.0	56.0		12.0	8.0
MIAMI	6	16.7	33.3		83.3		33.3	
MINNEAPOLIS-ST PAUL	25	48.0	12.0	8.0	88.0	16.0	20.0	16.0
NEW YORK CITY	176	25.0	6.3	6.3	73.3	4.5	10.2	8.5
PHILADELPHIA	46	43.5	17.4	15.2	73.9	2.2	6.5	10.9
PHOENIX	6	83.3	50.0	50.0	83.3	33.3	16.7	16.7
SAN FRANCISCO	23	17.4	8.7	13.0	65.2	8.7	13.0	4.3
SEATTLE	17	58.8	17.6	17.6	64.7	11.8	35.3	11.8
WASHINGTON, D.C.	49	26.5	12.2	10.2	85.7	20.4	16.3	30.6

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

TABLE 13

METHODS OF PROMOTING MEMBER PRACTICES/SERVICES IN 1984
BY SELECTED CHARACTERISTICS OF PUBLIC ACCOUNTING FIRMS

	RESPONSES	PROSPECTING METHODS						
	#	YELLOW PAGES	OTHER ADV.	DIRECT MAIL	CLIENT REF.	FIRM BRCHR	CLIENT NEWSLTR	PUBLIC SPEAKING
ALL RESPONDENTS	3063	44.3	15.9	10.0	74.9	8.1	16.5	18.4
TYPE FIRM								
PROPRIETOR NO EMPS.	807	34.3	14.9	9.9	72.2	4.7	10.5	11.3
PROPRIETOR WITH EMPS.	1244	44.8	15.4	9.0	75.5	6.4	14.2	16.6
TWO PARTNERS	62	54.8	16.1	4.8	74.2	12.9	24.2	25.8
OVER TWO PARTNERS	46	58.7	21.7	13.0	78.3	17.4	30.4	34.8
PROFESSIONAL CORP.	719	52.3	18.5	13.1	77.1	13.5	23.9	26.4
SIZE OF FIRM EXCLUDING PRINCIPALS								
ONE FULL-TIME EMP.	804	45.8	15.8	10.9	75.6	6.7	13.8	15.2
TWO FULL-TIME EMPS.	533	48.2	16.7	9.9	75.8	7.7	16.9	19.5
THREE FULL-TIME EMPS.	281	54.1	15.3	7.5	80.1	8.9	23.1	22.4
FOUR OR MORE FULL-TIME	476	48.7	16.0	9.7	74.4	14.9	27.5	32.4
GROSS INCOME								
UNDER $20,000	171	40.4	29.2	16.4	75.4	10.5	13.5	10.5
$20,000 TO 29,999	210	35.2	15.7	12.4	70.5	5.2	7.1	13.8
$30,000 TO 39,999	241	34.0	17.8	11.6	72.2	5.8	10.4	12.4
$40,000 TO 49,999	266	42.1	14.7	10.9	72.9	6.8	8.6	13.2
$50,000 TO 59,999	258	45.3	17.8	10.9	79.1	5.8	12.4	11.6
$60,000 TO 74,999	325	43.4	16.6	9.8	69.8	6.8	17.8	16.0
$75,000 TO 99,999	456	50.7	12.5	8.8	80.5	6.4	16.0	16.0
$100,000 TO 199,999	723	46.1	14.2	7.9	75.7	8.0	17.7	22.4
$200,000 OR 499,999	342	51.5	14.6	8.2	75.1	12.3	28.4	30.7
$500,000 OR MORE	71	32.4	16.9	12.7	67.6	28.2	45.1	39.4
PRIMARY SOURCE OF INCOME								
TAX SERVICES	1011	44.8	20.9	12.2	76.0	9.5	18.2	21.1
ACCOUNTING & WRITE-UP	1749	45.6	13.8	9.0	75.3	7.1	16.1	17.1
OTHER (INCL. AUDITING)	120	32.5	10.0	8.3	72.5	12.5	17.5	19.2
YEARS IN PRACTICE								
1 TO 4 YEARS	280	52.1	26.8	23.2	77.1	13.9	19.6	18.9
5 TO 9 YEARS	510	49.0	21.8	15.7	81.2	9.8	24.1	20.6
10 TO 14 YEARS	492	48.4	18.1	10.0	77.2	8.3	20.3	18.9
15 TO 19 YEARS	342	42.1	14.0	8.8	77.8	8.5	14.3	17.8
20 TO 24 YEARS	323	44.3	17.0	7.4	72.8	5.6	15.8	16.7
25 TO 29 YEARS	253	36.0	11.1	5.1	70.0	5.9	12.6	18.2
30 TO 44 YEARS	429	37.3	6.1	3.3	69.9	5.1	8.6	14.9
OVER 44 YEARS	17	58.8			82.4		11.8	29.4

CONFIDENTIAL

Return to: RGS Enterprises, Inc.
P.O. Box 780
Arnold, MD 21012

1985 NSPA MEMBERSHIP INCOME AND FEE SURVEY

1. Where is your office located?

City _____

State _____ Zip _____

2. What is the population of the community in which you practice? (check one)

Under 25,000	1. _____
25,000 to 49,999	2. _____
50,000 to 99,999	3. _____
100,000 to 499,999	4. _____
500,000 to 999,999	5. _____
1,000,000 or more	6. _____

3. a. Type of your firm (check one)

Sole Proprietorship	1. _____
Partnership	2. _____
Professional Corporation	3. _____

b. Excluding yourself and other principals, how many employees does your firm have?

Full-time 1. _____ (number)
Part-time 2. _____ (number)

c. If your firm is a partnership or professional corporation, how many partners or stockholders are there, *including* yourself? _____ (number)

4. Percent of your TOTAL income derived from your public practice (check one)

Under 25%	1. _____	50%–75%	3. _____
25%–50%	2. _____	Over 75%	4. _____

5. How many years have you been in public practice as a principal?

_____ (number of years)

6. a. GROSS income of your firm for calendar year 1984 (check one)

Under $20,000	1. _____	$60,000 to $74,999	6. _____
$20,000 to $29,999	2. _____	$75,000 to $99,999	7. _____
$30,000 to $39,999	3. _____	$100,000 to $199,999	8. _____
$40,000 to $49,999	4. _____	$200,000 to $500,000	9. _____
$50,000 to $59,999	5. _____	Over $500,000	10. _____

b. How does the 1984 GROSS income of your firm compare to the GROSS income of your firm in 1983? (check one)

1. Higher _____ 2. Lower _____ 3. About the same _____

c. How do you expect your 1985 GROSS income to compare to your 1984 GROSS income? (check one)

1. Higher _____ 2. Lower _____ 3. About the same _____

7. NET income for your firm for calendar year 1984 (check one) (Net income *before* taxes and any drawings and/or salaries for principals, i.e. proprietor or partners.)

Under $15,000	1. _____	$40,000 to $49,999	6. _____
$15,000 to $19,999	2. _____	$50,000 to $74,999	7. _____
$20,000 to $24,999	3. _____	$75,000 to $99,999	8. _____
$25,000 to $29,999	4. _____	$100,000 to $200,000	9. _____
$30,000 to $39,999	5. _____	Over $200,000	10. _____

8. **How many federal tax returns did your firm prepare in 1984 and what were the minimum and average fees charged?**

	# of Returns Prepared	Minimum Fee	Average Fee
Form 1040 not itemized	_____	$ _____	$ _____
Form 1040 itemized	_____	$ _____	$ _____
Form 1065 (Partnership)	_____	$ _____	$ _____
Form 1120 (Corporation)	_____	$ _____	$ _____

9. **When preparing federal, state and/or city income tax returns, does you firm charge one fee for these returns or a separate fee for each return?**

One Fee 1. _____
Separate Fee 2. _____

IF SEPARATE FEE, is it:

a. a specified fee? 1. Yes _____ 2. No _____

b. based on a percentage of the charge for the federal tax return? 1. Yes _____ 2. No _____

10. **Do you charge any additional fee to represent your firm's clients in the event of an IRS audit?**

1. Yes _____ 2. No _____

If YES, what is that basis for your fee?

	Check One	What is the fee?
a. Hourly fee	_____	$ _____ per hour
b. Minimum fixed fee	_____	$ _____ fixed fee

11. **Excluding those clients for whom your firm only prepares tax returns, how many are *primarily:***

	Number of Clients
a. Tax Services (includes tax planning, estate planning, consultation, IRS representation, etc.)	_____
b. Write-Up Work (the accountant provides a bookkeeping service, i.e., journals, ledgers, payrolls, etc., and preparation of periodic financial statements for these clients)	_____
c. Accounting Work (those clients having a bookkeeper on the premises and the accountant begins his service by working from a pre-adjusted trial balance; includes compilation and review reports)	_____
d. Audit Accounts (those clients whose accounting records you inspect and which include analyses, tests, reports, confirmations, proofs, opinions, or disclaimers)	_____
e Management Advisory Services (consulting) (advising on business matters that are not included in above services, i.e., personnel, systems, computerization, equipment acquisition, pension plans, personal financial planning, etc.)	_____
f. Other	_____
g. Total Clients	_____

12. Estimate the percentage of your firm's annual gross income derived from:

a. Tax Services (including preparation of returns, tax planning, estate planning, consulting, IRS representation) _ _ %

b. Write-Up Work) See _ _ %

c. Accounting Work) definitions _ _ %

d. Auditing) in No. 11 _ _ %

e. Management Advisory Services) above. _ _ %

f. Other, please describe _____ _ _ %

TOTAL 1 0 0 %

13. What percentage of your firm's billing is based on the following?

a. Fixed fee _ _ %

b. Hourly rate _ _ %

c. Other _ _ % Explain _____

Total billing 1 0 0 %

14. What is your firm's average hourly fee and/or fixed monthly fee (including overhead or burden) for performing the following types of services?

	Average Hourly	Average Fixed
a. Tax Services (excluding preparation of tax returns, but including tax planning, estate planning, consultation, representation before tax authorities, etc.)	$ _ _ _ . _ _	$ _ _ _ . _ _
b. Write-Up Work (the accountant provides a bookkeeping service, i.e., journals, ledgers, payrolls, etc. and preparation of periodic financial statements for these clients)	$ _ _ _ . _ _	$ _ _ _ . _ _
c. Accounting Work (those clients having a bookkeeper on the premises and the accountant begins his service by working from a pre-adjusted trial balance; includes compilation and review reports)	$ _ _ _ . _ _	$ _ _ _ . _ _
If your firm has only one fee for the above services, what is it?	$ _ _ _ . _ _	$ _ _ _ . _ _

15. What is your firm's average hourly fee (including overhead or burden) for:

	Average Hourly
a. Auditing (those clients whose accounting records you inspect and which involve analyses, tests, reports, confirmations, proofs, opinions, or disclaimers)	$ _ _ _ . _ _
b. Management Advisory Services (consulting) (advising on business matters that are not included in above services, i.e., personnel, systems, computerization, equipment acquisition, pension plans, personal financial planning, etc.)	$ _ _ _ . _ _

16. What is your firm's usual billing rate per hour (where applicable) for each type of staff employee and yourself?

a. Secretarial, stenographic and clerical $ _ _ _.00
b. Junior Accountant (0-2 years) $ _ _ _.00
c. Semi-senior Accountant (3-4 years) $ _ _ _.00
d. Senior Accountant (5 years & over) $ _ _ _.00
e. Yourself, partners or associates $ _ _ _.00

17. How are your clients billed for computer time? (check one)

a. _____ Not charged (considered as overhead)
b. _____ Not charged separately, but included in my fee
c. _____ Charged separately on a usage basis

18. What type of main office facilities does your firm have? (check one)

a. _____ Own my office building (individually or with others)
b. _____ Office space is rented. Rent per month $ _ _ _.00
c. _____ The office is in my home

19. Does your firm have tax returns prepared by computer?

1. Yes _____ 2. No _____

If YES, do you: (check one)

a. _____ lease equipment used on your own premises
b. _____ own the equipment yourself
c. _____ use a service bureau with input equipment on your own premises
d. _____ use a service bureau without input equipment on your own premises

20. Does your firm use a computer to serve clients other than for the preparation of tax returns?

1. Yes _____ 2. No _____

If YES, what do you use the computer for? (check all that apply)

a. _____ Payroll
b. _____ Client Write-up
c. _____ General Ledger
d. _____ Accounts Receivable
e. _____ Accounts Payable
f. _____ Word Processing
g. _____ Depreciation
h. _____ Client Time and Billing

21. If YES to number 20, does your firm: (check a, b *or* c)

a. _____ own equipment
b. _____ lease equipment
c. _____ use a service bureau
   1. _____ with input equipment on your premises
   2. _____ with no input equipment on your premises

THE FOLLOWING QUESTIONS ARE TO BE ANSWERED BY THE PROPRIETOR, SENIOR PARTNER OR MAJOR STOCKHOLDER.

22. Are you a certified, licensed or registered accountant?

1. Yes _____ 2. No _____

23. Are you enrolled to practice before the IRS?

1. Yes _____ 2. No _____

24. Are you accredited in accountancy or taxation by the Accreditation Council for Accountancy? (check one or both if they apply)

1. Accountancy _____ 2. Taxation _____ 3. Both _____

25. Please indicate the highest level of schooling completed.

High School	a. _____
Correspondence School	b. _____
Business School	c. _____
2-year community college	d. _____
4-year college/university	e. _____
Post graduate	f. _____

26. What was your age on your last birthday?

a. _____ Under 30	d. _____ 50-60
b. _____ 30-40	e. _____ 60-70
c. _____ 40-50	f. _____ Over 70

27. Sex: 1. _____ Male 2. _____ Female

28. How do you market (promote) your practice/services? (check all that apply)

a. _____ yellow page listing only
b. _____ advertising (other than yellow pages)
c. _____ direct mail solicitation
d. _____ client referrals
e. _____ firm brochures
f. _____ client newsletter
g. _____ public speaking

29. What questions on this survey are of prime interest to you? (list the numbers)

_____ _____ _____

30. What information would you like to see included on the next survey?

31. General comments:

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Complete the coupon and send with your payment to:
National Society of Public Accountants, 1010 North Fairfax Street, Alexandria, Virginia 22314.

Please send me _____ copies of the 1985 Income and Fees Survey Report at $25 each; $40 non-members.*

Check enclosed $ _____ Charge it: _____ VISA _____ MASTERCARD

Account No. _____ Expiration date _____

Signature _____

Please print clearly your name and address below:

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

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Name: _____

Address: _____

City: _____ State: _____ Zip: _____

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